

# **Co-operative Commonwealth or New Jerusalem? The Co-operative Party and the Labour Party, 1931-1951.**

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## **Abstract**

The Co-operative Party, despite representing the largest consumer and social movement in Britain, is systematically overlooked or misunderstood in twentieth century British political historiography. What makes this neglect more surprising is that from 1927 the Co-operative Party had a formal electoral agreement with the Labour Party, the basis of which remains in place today. Through this agreement the two parties agreed to work together to return joint Co-operative-Labour candidates in certain constituencies. This unique political alliance reflected a shared ideological ground between the two parties, united in their aim to displace capitalism with common ownership. However, despite this common aim, the methods through which this would be achieved varied and whilst the Labour Party focused on state ownership as key to the 'socialist commonwealth', the Co-operative Party, as the political arm of the co-operative movement embodied the ideal of a 'co-operative commonwealth' built on the principles of democratic voluntary association.

Historians who have addressed the relationship between the Labour Party and the co-operative movement have argued that co-operative methods of ownership were systematically marginalised, overlooked and ignored by the Labour Party, particularly during the 1945 to 1951 period of Labour Government. In this context, this thesis will examine the political relationship between the Co-operative Party and the Labour Party in the broader period from 1931 to 1951. It will argue that both organisational and ideological factors contributed to the invisibility of co-operative methods of ownership in the policies of the Labour Party. Moreover, this will provide an additional perspective to debates regarding the development of the Labour Party during the 1930s and over the future direction of nationalisation post 1945. Despite its marginality the Co-operative Party represented a large body of working class consumers and a significant business organisation, which straddled both the labour movement and co-operative movement.

Whilst this thesis agrees that co-operative ideas of ownership remained a minor influence on the Labour Party throughout this period, it will nevertheless argue that

Co-operative Party contributions to policy discussions provide an alternative perspective from which a growing recognition of the diversity of influences on the Labour Party can be explored. In doing so this thesis will also provide an original interpretation of the organisational and policy history of the Co-operative Party. This will highlight tensions not only with the Labour Party, but also within the co-operative movement with regards to the function and purpose of the Co-operative Party - and more significantly the role of the co-operative movement in a socialist society.

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## INTRODUCTION

The Co-operative Party is the political wing of the co-operative movement, arguably the largest working class social and economic movement in Britain during the nineteenth and twentieth century. Formed in 1917, the Co-operative Party was until 2005 a department of the Co-operative Union, the federal body for co-operative societies in Britain.<sup>1</sup> The Co-operative Party remains active in politics today, fielding both parliamentary and local candidates in alliance with the Labour Party, under the joint banner of Labour-Co-operative. There are currently 31 Labour-Co-operative MPs in Parliament.<sup>2</sup> This alliance with the Labour Party was formalised by an electoral agreement in 1927, in which the two parties agreed to work together and return joint candidates in certain constituencies.<sup>3</sup>

Despite bridging two significant working class organisations both the existence of the Co-operative Party and the durability of its relationship with the Labour Party is barely visible within wider accounts of twentieth century political, economic or social history.<sup>4</sup> This marginalisation is even more surprising given the unique historical position of the Co-operative Party; it is the only independent political party with which the Labour Party had a formal electoral agreement from 1932.<sup>5</sup> This uniqueness is further emphasised

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<sup>1</sup> Now called Co-operatives UK

<sup>2</sup> Official website of the Co-operative Party ([www.party.coop](http://www.party.coop)) lists details of 31 Members of Parliament, <http://party.coop/lists/members-of-parliament/> accessed 10 November 2014.

<sup>3</sup> *Co-operative Congress Report*, (1927) pp. 422-431. The practice of working together in constituencies was established from the outset but 1927 marks the national recognition of this alliance.

<sup>4</sup> See for example Paul Readman, 'The state of Twentieth-Century British Political History', *Journal of Policy History*, 21, 3 (2009) pp. 219-238. This article provides a recent review of the current state of twentieth century British history, providing a broad overview of the development of themes in the study of this history, including consensus, participation and a detailed bibliography for further research into aspects of British political history. However there is no reference to the Co-operative Party in this article highlighting its invisibility.

<sup>5</sup> The Independent Labour Party (ILP) disaffiliated from the Labour Party in July 1932. From this point there was a tightening of ranks in the Labour Party and with the exception of the Co-operative Party no other political party directly linked with the Labour Party. For more on the ILP split see Keith Laybourn, 'The ILP and the Second Labour Government, c. 1929-1931: the move towards revolutionary change', in J. Shepherd, J. Davies, & C. Wrigley, *The Second Labour Government, 1929-1931: A reappraisal*, (Manchester University Press, Manchester, 2012) & Gidon Cohen, *The Failure of a Dream: The Independent Labour Party from disaffiliation to World War II*, (London, Tauris Academic Studies, 2007).

by the fact that the co-operative movement in Britain was the only one in the world which had its own political party.<sup>6</sup>

This thesis will seek to rectify this absence by focusing on the history of the Co-operative Party and its relationship with the Labour Party. The pivotal focus of this thesis will be the Co-operative Party, from which the political interactions of the co-operative movement and the Labour Party will be explored. The Co-operative Party offers historians an alternative perspective through which to explore the development of the Labour Party, the political culture of the wider labour movement, and more generally the experience of political parties in Britain during the twentieth century. By concentrating attention on the Co-operative Party, as a political organisation in its own right, this thesis will contribute an additional dimension to the political culture and ideological identity of the wider British labour movement in this period. This introductory chapter will present a framework of research aims for this thesis by examining the existing literature regarding the Co-operative Party and its relationship with the Labour Party. It will also incorporate a discussion of the sources used and the methodology applied to the research and analysis. An outline of the chapters and summary of proposed findings will conclude this introduction.

## **Research Aims**

This thesis will examine the political relationship between the Co-operative Party and the Labour Party in the period 1931 to 1951. In particular it will focus on the intersections between their organisational relationship and their ideological aims. The co-operative movement is viewed as the third pillar in the triumvirate of the British labour movement, alongside the Labour Party and the trade unions.<sup>7</sup> Uniting these three pillars of working class organisation was a common ideological aim to displace

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<sup>6</sup> Arnold Bonner, *British Co-operation*, (Manchester, Co-operative Union, 1961) states that in a survey by the International Co-operative Alliance in 1934 the British co-operative movement was the only movement that had a political party of its own, six had close relations with socialist parties, and 39 had no organic relations, but all were seeking to influence legislation, p. 309. The Co-operative Party remained a department of the Co-operative Union until 2005.

<sup>7</sup> Ross McKibbin, *The Evolution of the Labour Party 1910-1924*, (Oxford, Oxford University Press, 1974) p. 43.

capitalist modes of production and consumption with common ownership. However despite this common aim historians have long recognised that in terms of the methods advocated to achieve this the co-operative movement's vision of a 'Co-operative Commonwealth' was not identical to the Labour Party's interpretation of a 'Socialist Commonwealth' and this caused a real and potential divisions in the political relationship between the two movements.<sup>8</sup>

In February 1918 the Labour Party adopted a new Constitution which established the Party as a national organisation with uniform structures. Influenced by the Fabian ideas of Sidney Webb, who helped draft the constitution, this constitution marked the Labour Party's commitment to socialism through the extension of common ownership.<sup>9</sup> This commitment was evident in Clause 4 which stated the Party's aim;

To secure for the workers by hand or by brain the full fruits of their industry and the most equitable distribution thereof that may be possible upon the basis of the common ownership of the means of production, distribution and exchange.<sup>10</sup>

Toye has pointed out that the Labour Party's commitment in 1918 to 'common ownership' could be interpreted to mean a variety of methods including state nationalisation, municipal control or a local co-operative society.<sup>11</sup> Equally, as Bonner indicated, Sidney Webb and Beatrice Webb discussed in their *Constitution for a Socialist Commonwealth*, published in 1920, the important role that voluntary consumer co-operation would play in this socialist society.<sup>12</sup> Yet despite this open definition the Labour Party became overwhelmingly focused on state methods of ownership as a route to achieve socialism particularly during the 1930s and 1940s.<sup>13</sup>

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<sup>8</sup> G.D.H. Cole, *A Century of Co-operation*, (Manchester, Co-operative Union, 1944) p. 318.

<sup>9</sup> Matthew Worley, *Labour inside the Gate: A History of the British Labour Party between the Wars*, (London, IB Tauris, 2005) pp. 11-12.

<sup>10</sup> *Labour Party Conference Report*, (1918) Appendix I, Labour Party Constitution, p. 140.

<sup>11</sup> Richard Toye, *The Labour Party and the Planned Economy*, (Woodbridge, Royal Historical Society/Boydell Press, 2003) p. 25. Toye suggests that both a centrally planned economy and local co-op would prove quite consistent with the 1918 constitution and programme, quoting Sidney Webb 'This declaration of the Labour Party leaves it open to choose from time to time whatever forms of common ownership, from co-operative store to the nationalised railway'.

<sup>12</sup> Bonner, *British Co-operation*, p. 202.

<sup>13</sup> See Jim Tomlinson, 'Labour and the Economy', in Tanner (et al) *Labour's First Century*, pp. 51-52. Tomlinson argues that nationalisation remained at the core of the Labour Party's

As a result, co-operative methods, despite representing one form of common ownership embodied within the wider British labour movement, did not feature in Labour Party policies. This has led to historians suggesting that the influence of the co-operative movement on Labour Party policies was minimal in spite of both their political relationship and common ideological roots, noted particularly during the 1945 period of Labour Government.<sup>14</sup> In many ways the co-operative movement's vision of a 'co-operative commonwealth' which would create a society in which there would be 'equal access to the means of living and the common enjoyment and control of what is commonly produced' was not significantly different to the commitment in 1918 from the Labour Party.<sup>15</sup> The idea of a 'co-operative commonwealth' was implicit in the British co-operative movement, as within the foundations of the movement was a desire to construct an economic and social order based on co-operation which would replace capitalism.<sup>16</sup> However the crucial difference was that whilst the Labour Party focused on the state as a method of transformation, the co-operative movement saw voluntary association through co-operation and not legislation as a means to achieving change in society.<sup>17</sup> As French Socialist, Ernest Poisson theorised in his work, *The Co-operative Republic*, whilst both the co-operative and socialist republic would achieve collective ownership of the means of production, the methods of attaining these ends is what distinguished socialism from co-operation, as socialists believed in state action.<sup>18</sup>

Historians have demonstrated that this apathy from the Labour Party to co-operative methods of ownership created significant tensions in the relationship between the Labour Party and the co-operative movement, particularly when it began to directly

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programme from 1918 until many of these policies were enacted in the 1940s, and also remained crucial to the rhetoric of the Party until the 1990s.

<sup>14</sup> Martin Francis, *Ideas and Policies under Labour, 1945-1951*, (Manchester, Manchester University Press, 1997) pp. 83-89, Kevin Manton, 'The Labour Party and Retail Distribution, 1919-1951', *Labour History Review*, 73; 3 (2008) p. 274.

<sup>15</sup> Co-operative Party, *The Organisation of the Co-operative Party*, (1953) p. 5.

<sup>16</sup> Bonner, *British Co-operation*, p. 477.

<sup>17</sup> Lesson notes on the history of the Co-operative Party, Lesson II – The Philosophy underlying the Co-operative Movement, p. 5. NCA/CPY/9/1/3/2.

<sup>18</sup> Ernest Poisson, *The Co-operative Republic*, (Translated from French by W.P Watkins, Co-operative Union, Manchester, 1925) pp. 89-92.

undermine co-operative business interests.<sup>19</sup> However the impact of this difference in approach to the methods of ownership has yet to be fully explored by historians, particularly in the context of the political relationship that existed between the Labour Party and the Co-operative Party. The Co-operative Party, as the political arm of the co-operative movement, yet electorally allied with the Labour Party, provides an ideal lens through which to explore the ideological and organisational relationship between the Labour Party and the wider co-operative movement.

This thesis will address the issue of why co-operative methods of ownership failed to achieve any prominence in Labour Party policy. Two central research questions form the backbone of this thesis: firstly to what extent can the Co-operative Party's lack of influence on the Labour Party in the period be traced to organisational and constitutional matters? Secondly to what degree did these ideological differences affect the political relationship between the Co-operative Party and the Labour Party? It will use the Co-operative Party and Labour Party's varying approaches to collective ownership as a method to examine the organisational, policy and ideological relationship between the two Parties.

In doing so, this thesis will contribute to a developing body of historical research concerned with the plurality of influences and organisations on the ideological development of the Labour Party.<sup>20</sup> Despite its marginality the Co-operative Party is both an institution within the labour movement and a political body representing constituents of the wider working class community. The non-homogeneous nature of both working class culture and the broad interpretation of Labour's definition of

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<sup>19</sup> N. Robertson, *The Co-operative Movement and Communities in Britain, 1914-1960: Minding their Own Business*, (Farnham, Ashgate, 2010) p. 122, Peter Gurney, 'The Battle of the Consumer in Postwar Britain', *The Journal of Modern History*, 77 (2005) p. 965

<sup>20</sup> Matthew Worley, (ed) *The Foundations of the British Labour Party; Identities, Cultures and Perspectives, 1900-1939*, (Surrey, Ashgate, 2009). David Howell, *MacDonalds Party: Labour identities and crisis, 1922-1931*, (Oxford, Oxford University Press, 2002) Jeremy Nuttall, 'Pluralism, the people, and time in Labour Party history, 1931-1964', *The Historical Journal*, 56 (2013) pp. 729-756.

socialism as their objective from 1918 have been emphasised by historians.<sup>21</sup>

Consequently in considering the political message the Co-operative Party communicated, both to co-operators as members of the wider labour movement, and to the Labour Party, this thesis will provide a valuable perspective illustrating the diversity of political thought within the labour movement, particularly regarding methods of collective ownership.

### **The Co-operative Party — Absent from Historiography?**

In this section these central research aims will be situated within a wider review of the existing literature. Firstly the relative absence of the Co-operative Party in labour, co-operative and political historiography will be considered, and reasons for this suggested. Secondly it will address how historians have considered the contribution of the wider co-operative movement to the organisational development and political culture of the Labour Party, illustrating how this thesis will build and develop on this. Thirdly it will examine how the policy relationship between the co-operative movement and the Labour Party has previously been interpreted by historians, focusing particularly in the 1931 to 1951 period. These sections will provide an overview of some key arguments particularly regarding tensions in ideology and policy which existed between the Labour Party and the co-operative movement, before the final two sections signpost where this thesis departs from these, firstly in terms of ideology and policy and secondly with regard to the organisation of the Co-operative Party.

The challenge the British co-operative movement presents to researchers is that it cannot easily be categorised into any definite academic discipline. Co-operation is an economic model, with an underlying social purpose, thus features in current business practice as well as in the history of consumerism or working class education. As Black states, the British co-operative movement ‘traverses political and social terrains, and

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<sup>21</sup> Steven Fielding, Peter Thompson & Nick Tiratsoo, *England Arise! The Labour Party and Popular Politics in 1940s Britain*, (Manchester, Manchester University Press, 1995) p. 215 & Worley, *Labour inside the Gate*, p. 218.

formal and informal politics'.<sup>22</sup> However, the co-operative movement has recently benefitted from a revival in interest from historians, evidenced by an increasing number of academic publications. These publications have begun to address the challenges of studying the co-operative movement by addressing the marginality of co-operatives in business history, emphasising the diversity of the movement and illustrating the varied social and political culture of the movement. Yet this resurgence in attention has yet to extend to the Co-operative Party, as both a political and co-operative organisation.<sup>23</sup> There are some noted exceptions, for example Robertson's monograph includes a chapter on 'The Co-operative Movement and Political Action'.<sup>24</sup> In this chapter Robertson addresses the different ways in which local co-operative societies responded to the decision to create a Co-operative Party, illustrating the diversity of responses at grass roots level. Equally Robertson here begins to explore the role of the Co-operative Party in the wider labour movement, discussing themes which will be pertinent throughout this thesis. Another exception is Stewart's chapter, which examines the implications of the Co-operative Party-Labour Party alliance, in the context of the formation of the Social Democratic Party (SDP) in 1981.<sup>25</sup>

Ultimately the Co-operative Party has not received the attention it arguably deserves from historians. Although the co-operative movement is a recognised element of the

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<sup>22</sup> Lawrence Black, *Redefining British Politics: Culture, Consumerism and Participation*, 1954-70, (Basingstoke, Palgrave-Macmillan, 2010) p. 2.

<sup>23</sup> See J.F. Wilson, A. Webster & R. Vorberg-Rugh, *Building Co-operation – A Business History of the Co-operative Group, 1863-2013*, (Oxford, Oxford University Press, 2013) for the most recent history of the Co-operative Wholesale Society (now known as the Co-operative Group). For broader aspects of the business history of co-operation see *Journal of Business History*, 54, 6 (2012) pp. 825-1021 for a special issue on, 'The business of Co-operation: National and international dimensions since the nineteenth century'. See A. Webster, L. Shaw, J.K. Walton, A. Brown and D. Stewart, (eds) *The Hidden Alternative – Co-operative values, past, present and future*, (Manchester, Manchester University Press, 2011) for an edited collection illustrating the broad range of topics to which the co-operative movement can contribute. See L. Black & N. Robertson, (eds.) *Consumerism and the Co-operative Movement in Modern British History*, (Manchester, Manchester University Press, 2009) for an edited collection placing the history of the co-operative movement in the context of a wider consumer history. See also N. Robertson, *The Co-operative Movement and Communities in Britain, 1914 -1960: Minding their Own Business*, (Farnham, Ashgate, 2010) for an illustration of the varying broader social and cultural context of the movement.

<sup>24</sup> Robertson, *The Co-operative Movement*, pp. 155-180.

<sup>25</sup> David Stewart, 'A party within a party?', *The Co-operative Party-Labour party alliance and the formation of the Social Democratic Party, 1974-81*, in A. Webster (et al) *The Hidden Alternative*, pp.137-156.



wider British labour movement, the Co-operative Party as a working class political party with an organisation and membership structure distinct from the Labour Party, has barely registered any interest amongst historians studying the British labour movement. In contrast the Communist Party of Great Britain (CPGB), a more marginal political party in terms of electoral success than the Co-operative Party, has attracted more scholarly attention.<sup>26</sup> Equally the Co-operative Party is not mentioned at all in a recent study of political organisation during the Second World War, despite more peripheral political organisations such as the Common Wealth Party being considered.<sup>27</sup> The need for historians to look beyond the two main political parties has recently been highlighted by Fielding, who in a recent review article suggested that even if marginal political parties had 'failed to break the mould' this should not discourage historians from taking them seriously.<sup>28</sup> Fielding argued that if nothing else a study of peripheral party organisations demonstrates the tensions and instabilities inherent in the Westminster party system.<sup>29</sup> This reiterates the need for further historical research on the Co-operative Party which, albeit through their electoral alliance with the Labour Party, was the third largest party in Parliament from 1945 to 1983.<sup>30</sup>

Carbery's history of the Co-operative Party, published in 1969, is the only full scale academic study of the Party.<sup>31</sup> In this study, Carbery deals systematically with key organisation and structural themes in the Party's history and development, such as the relationship between the Party and the Co-operative Union, the political alliance with

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<sup>26</sup> For example; Henry Pelling, *The British Communist Party*, (London, A & C Black, 1958) Matthew Worley, *Class Against Class: The Communist Party in Britain Between the Wars*, (London, Macmillan, 2002) Andrew Thorpe, *The British Communist Party and Moscow, 1920–1943*, (Manchester, Manchester University Press, 2000).

<sup>27</sup> Andrew Thorpe, *Parties at War: Political organisation in Second World War Britain*, (Oxford, Oxford University Press, 2009). Although Thorpe does mention more peripheral Parties the focus of this study is on the Conservative, Liberal and Labour Parties. Despite a local approach and detailed analysis of local records Thorpe does not however mention the Co-operative Party as an influence on the varied development of Constituency Labour Parties.

<sup>28</sup> Stephen Fielding, 'The Permanent Crisis of Party', Review Article, *Twentieth Century British History*, 21, 1 (2010) pp. 106.

<sup>29</sup> Stephen Fielding, 'The Permanent Crisis of Party', Review Article, *Twentieth Century British History*, 21, 1 (2010) pp. 106.

<sup>30</sup> Stewart, 'Party within a Party', p. 137.

<sup>31</sup> Thomas. F. Carbery, *Consumers in Politics: A History and General Review of the Co-operative Party*, (Manchester, Manchester University Press, 1969).

the Labour Party, membership and finance. He also examines the policies of the Party focusing on social ownership, consumer affairs and foreign policy. His analysis highlights enduring themes in the history of the Co-operative Party providing signposts for future research. He concludes that the promotion of alternative forms of social ownership and consumer affairs provided the Co-operative Party with a distinct voice in politics.<sup>32</sup> In his assessment of their policies on social ownership, Carbery argues that the Labour Party's proposal to nationalise industrial assurance in 1949, (of which a significant portion was co-operatively owned) was a pivotal point in the relationship between the Labour Party and the co-operative movement, and one which forced the Party to determine its stance on public ownership.<sup>33</sup> Carbery contended that in the years 1930 to 1945 too much time had been spent on organisational issues to the detriment of developing a coherent policy, yet he does not fully explore why organisation was a crucial issue and how this was closely linked to ideological and policy concerns.<sup>34</sup> Despite its continued relevance, nearly half a century on, Carbery's work is in need of reappraisal, as a rejoinder to the revival of interest in the co-operative movement and in response to broader historiographical trends which have shifted away from the strictly 'formal politics' approach epitomised in his study. Although this thesis will focus to an extent on the structural history of the Co-operative Party it will take a more multi-faceted approach which encompasses the broader nuances between policy, ideology and organisational issues and is situated in a broader context of labour historiography.

The formation of the Co-operative Party has attracted some attention with some studies also providing a localised perspective of events.<sup>35</sup> Historians have shown how

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<sup>32</sup> Carbery, *Consumers in Politics*, p, 252.

<sup>33</sup> *Ibid*, p. 162.

<sup>34</sup> *Ibid*.

<sup>35</sup> Carbery, *Consumers in Politics*, G.D.H. Cole, *A Century of Co-operation*, (Manchester, Co-operative Union, 1944) Sidney Pollard, 'The foundation of the Co-operative Party', in Asa Briggs & John Saville (eds.) *Essays in Labour History, 1886-1923*, (London, Macmillan, 1971) Tony Adams, 'The Formation of the Co-operative Party Re-considered', *International Review of Social History*, 32 (1987) pp.48-68 and Mary Hilson, 'Consumers and Politics: The Co-operative Movement in Plymouth, 1890-1920', *Labour History Review*, 67, 1 (2002) pp. 7-27.

the changing role of the state and its greater intervention in economic affairs was one of the most powerful arguments used in deviating from the co-operative principle of political neutrality.<sup>36</sup> Although there is some debate as to the extent to which the formation of the Co-operative Party represented evidence of a wider shift to the left in the early part of the twentieth century, it remains conclusive that the movement's negative experience during the First World War was a deciding factor.<sup>37</sup> McKibbin has also addressed the formation of the Co-operative Party in the context of its relationship with the Labour Party in his broader assessment of the early development of the Labour Party.<sup>38</sup> McKibbin is critical of the success of the Co-operative Party by 1924, suggesting that the Co-operative Party became 'neither of the things it was feared and hoped it might'.<sup>39</sup> Nevertheless beyond the early development and intervention of the Co-operative Party into the political arena it has subsequently attracted little academic attention.

The conspicuous lack of engagement with the Co-operative Party by historians can be attributed to three broad factors. Firstly, a general consensus exists amongst historians of the co-operative movement that the marginalisation of the co-operative movement more generally has been a reflection of both the movement's decline in the latter part of the twentieth century and historiographical trends.<sup>40</sup> These historiographical trends include a focus on for instance the Trade Unions and the Labour Party from historians of the left and a disregard more generally to consumer history, particularly in terms of the link between consumerism and political engagement. Gurney argues that 'historians have either ignored or largely misunderstood the important attempts made by British consumer co-operation to construct an alternative social and economic

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<sup>36</sup> Robertson, *The Co-operative Movement*, p. 157, Carbery, *Consumers in Politics*, pp.16-17.

<sup>37</sup> Pollard's article 'The foundation of the Co-operative Party' instigated debate on this issue by suggesting that the impact of the First World War was not as important as had been previously accepted and that it instead represented part of a wider swing to the left from the co-operative movement. Pollard's work however represented a wider body of historiography, popular of that time, in which the forward march of the working class featured as a prominent theme.

<sup>38</sup> McKibbin, *The Evolution of the Labour Party*, pp. 43-47 & pp. 178-191.

<sup>39</sup> *Ibid*, p. 189.

<sup>40</sup> Lawrence Black & Nicole Robertson, 'Introduction', in *Consumerism and the Co-operative Movement*, p. 1.

order'.<sup>41</sup> He suggests that this marginalisation is due to Labour and Marxist historians of the post war era being drawn towards more heroic phases of struggle, or the powerful and influential trade unions and Labour Party.<sup>42</sup> Black cites the complete absence of the co-operative movement from Zweiniger-Bargeilowska's seminal study on rationing as a key indicator that the co-operative movement is overlooked by historians.<sup>43</sup> Wrigley describes the co-operative movement as the 'Cinderella' of the British labour movement, particularly in terms of political weight given to it by historians and indicates the need for more research on co-operative politics more generally.<sup>44</sup> However, the focus on the more dominant influences on the Labour Party such as the trade unions should not be at the expense of other influences, such as the Co-operative Party, which this thesis will address.

Secondly, when the Co-operative Party is mentioned in Labour Party historiography there is often a portrayal of a non problematic relationship, indicating in some ways perhaps the complexity of the relationship is not discussed in any detail. Pelling in his history of the Labour Party provided little analysis of Co-operative and Labour relations, instead simply stating 'the Co-operative Party became closely integrated with the Labour Party'.<sup>45</sup> This is also evident in Thorpe's history of the Labour Party, in which he states that 'the two parties were to form effective alliances in many parts of the country' and that this alliance would prove a great strength to Labour.<sup>46</sup> These assertions

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<sup>41</sup> Peter Gurney, 'Labor's Great Arch: Co-operation and Cultural Revolution in Britain 1795-1926', in Ellen Furlough and Carl Strikwerda (eds.) *Consumers against Capitalism: Consumer Cooperation in Europe, North America and Japan, 1840-1990*, (Oxford, Rowman and Littlefield, 1999) p. 135 and Peter Gurney, *Co-operative Culture and the Politics of Consumption in England, 1870-1930*, (Manchester, Manchester University Press, 1996) p. 5.

<sup>42</sup> Peter Gurney, 'Labor's Great Arch: Co-operation and Cultural Revolution in Britain 1795-1926', in Ellen Furlough and Carl Strikwerda (eds.) *Consumers against Capitalism: Consumer Cooperation in Europe, North America and Japan, 1840-1990*, (Oxford, Rowman and Littlefield, 1999) p. 135 and Peter Gurney, *Co-operative Culture and the Politics of Consumption in England, 1870-1930*, (Manchester, Manchester University Press, 1996) p. 5.

<sup>43</sup> Lawrence Black, *Redefining British Politics: Culture, Consumerism and Participation, 1954-70*, (Basingstoke, Palgrave-Macmillan, 2010) p. 46. See also Ina Zweiniger-Bargeilowska, *Austerity in Britain: Rationing, Controls and Consumption, 1939-1955*, (Oxford, Oxford University Press, 2000).

<sup>44</sup> Chris Wrigley, 'The Co-operative Movement', *Mitteilungsblatt des Instituts für Soziale Bewegungen*, 27, 2002, p. 103, p. 116.

<sup>45</sup> Henry Pelling, *A Short History of the Labour Party*, (London, Macmillan, 1972, 4<sup>th</sup> ed., p. 47.

<sup>46</sup> Andrew Thorpe, *A History of the British Labour Party*, (London, Macmillan, 1997) p. 41.

provide too much of a simplistic account of the relationship between the Co-operative Party and the Labour Party, which devalues the contribution played by the Co-operative Party to the development of the Labour Party, a theme which this thesis will develop.

Thirdly historians have misunderstood the structure of the relationship between the Labour Party and the Co-operative Party. For example, a recently published history of the Labour Party completely misunderstands co-operative involvement in politics, stating that 'another building block fell into place in the shape of the alliance between Labour and the Co-operative Society'.<sup>47</sup> This misunderstanding reflects the lack of engagement by historians with the British co-operative movement and its structures, particularly in reference to its relationship with the Labour Party. A PhD thesis analysing Labour movement relations in Exeter summarised the difficulty of including an analysis of the Co-operative Party in its research stating:

'The complex arrangement of the Co-operative movement further adds to the difficulty of understanding and analysing the politics and functions of the movement. The Co-operative Party is the political arm of the retail co-operative movement, but is actually a part of the Co-operative Union, the body which acts as a coordinator for the whole movement'.<sup>48</sup>

It is perhaps the complexity described by the author which underpins the three reasons elicited for the marginalisation and misunderstanding of the Co-operative Party in history. Therefore to enhance historians' and political scientists' understanding of the Co-operative Party, this thesis will address this complexity, analysing not only the political relationship between the Labour Party and the Co-operative Party, but the finer details of the structure of the Co-operative Party within the co-operative movement.

## **The Political Culture of the British Labour Movement and Influence of the Co-operative Movement**

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<sup>47</sup> Martin Pugh, *Speak for Britain! A New History of the British Labour Party*, (The Bodley Head, 2010) p. 145.

<sup>48</sup> David Friend, 'The Labour Party, the trade union movement and the co-operative movement: A Study of the Inter-relationship in the Labour Movement with particular reference to Exeter, Plymouth and Torbay', (PhD thesis, University of Exeter, 2002) p. 55.

A recent article by Nuttall argues that an increasingly pluralistic approach to Labour Party historiography has ‘incrementally added to the sense of Labour’s story as a beast of many dimensions and parts’.<sup>49</sup> The Co-operative Party is arguably one aspect of this ‘beast’; therefore by examining its organisation, policy and relationship with the Labour Party this thesis will enhance historians’ understanding of this previously under-researched aspect of Labour Party history. By emphasising its role as the political party of the co-operative movement, representing part of the wider fabric of working class society in Britain this thesis will make a valuable contribution to a broader understanding of the political culture of the wider labour movement in Britain during this period, emphasising the plurality of both the organisations and the ideologies it embodied.

From traditional structural histories to a class based approach, the historiography of the Labour Party has extended beyond the Party as a political institution to include the wider political culture in which it is situated. This approach was evident in Howell’s monograph exploring the Labour Party during the leadership of Ramsay MacDonald. Howell argued that the structures and procedures of the Labour Party in this period owed much to pre-existing practices and culture, and consequently the roots of the Labour Party lay not in its Parliamentary organisation but in extra parliamentary institutions and affiliated bodies.<sup>50</sup> Similarly Worley has illustrated how development of the Labour Party up until 1945 was informed by a multitude of organisational and ideological factors, addressing both the diverse foundations upon which the Labour Party was built and the varied influences on the Party at grass roots level.<sup>51</sup> Worley contended that historians of the Labour Party have previously shown less interest in

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<sup>49</sup> Jeremy Nuttall, ‘Pluralism, the people, and time in Labour Party history, 1931–1964’, *The Historical Journal*, 56 (2013) pp. 729-730.

<sup>50</sup> David Howell, *MacDonald’s Party: Labour identities and crisis, 1922-1931*, (Oxford, Oxford University Press, 2002) p. 54.

<sup>51</sup> Matthew Worley, *Labour inside the Gate: A History of the British Labour Party between the Wars*, (London, IB Tauris, 2005) Matthew Worley, (ed.) *Labour’s Grass Roots: Essays on the activities of Local Labour Parties and members, 1918-1945*, (Aldershot, Ashgate, 2005) Matthew Worley, (ed.) *The Foundations of the British Labour Party; Identities, Cultures and Perspectives, 1900-1939*, (Surrey, Ashgate, 2009).

the subtle intricacies of Labour Party policy and organisation and his work marks a departure from this.<sup>52</sup> Both of Worley's edited collections include chapters by Robertson on the Co-operative Party and their relationship with the Labour Party locally.<sup>53</sup> These chapters illustrate how local Co-operative Parties influenced the character of the Labour Party in various localities, whilst also making a valuable contribution to the limited historiography on the Co-operative Party. Worley has shown that there has been a diversity of influences on the Labour Party at grass roots level and that despite an attempt to create a national party after 1918, the Labour Party varied significantly according to local culture.<sup>54</sup> For example, in areas where there was a strong miners' union, there was an existing labour tradition influencing the constituency organisation whereas in areas with more mixed economies various strands of the labour movement sought to combine their energies.<sup>55</sup> In the same way, Robertson has shown that local political cultures informed the incongruous development of the Co-operative Party, and for example even though co-operative societies in Kettering, Birmingham and Northampton were all affiliated nationally to the Co-operative Party, they all varied considerably in development, role and performance over time.<sup>56</sup>

Other historians have also drawn attention to the connections between local Labour Party culture and co-operative involvement in politics. Rhodes has examined the special relationship the Royal Arsenal Co-operative Society had with the Labour Party, in which the Society chose to affiliate nationally to the Labour Party in the first instance,

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<sup>52</sup> Matthew Worley (ed.) *Labour's Grass Roots: Essays on the activities of Local Labour Parties and members, 1918-1945*, (Aldershot, Ashgate, 2005). Introduction, p. 9.

<sup>53</sup> Nicole Robertson, "A Union of Forces Marching in the Same Direction?" The Relationship between the Co-operative and Labour Parties, 1918-39' in Worley, *The Foundations of the British Labour Party*, & Nicole Robertson, 'The Political Dividend: Co-operative Parties in the Midlands, 1917-39', in Worley, *Labour's Grass Roots*.

<sup>54</sup> Matthew Worley, 'The Fruits on the Tree: Labour's Constituency Parties between the Wars', in M. Worley (ed.) *The Foundations of the British Labour Party; Identities, Cultures and Perspectives, 1900-1939*, (Surrey, Ashgate, 2009) p. 197.

<sup>55</sup> Worley, 'The Fruits on the Tree', p. 197.

<sup>56</sup> Nicole Robertson, 'The Political Dividend', p. 164 See also Robertson, *The Co-operative Movement*, pp. 155-180.

although it did in 1930 affiliate to the Co-operative Party.<sup>57</sup> Black has shown how local labour culture affected the branch life of the Labour Party in the 1950s, stating how Woolwich was the largest Constituency Labour Party due to the affiliation of Royal Arsenal Co-operative Society to all Constituency Labour Parties in their trading area.<sup>58</sup> Marriott, in his study of the East End of London, argued that politicised co-operative societies there formed part of wider labour movement and played a role in Labour's initial successes in the area.<sup>59</sup> Savage has suggested that in Preston the development of co-operative societies into new areas of working class communities provided a new base for Labour Party mobilisation.<sup>60</sup>

The correlation between the Labour Party and the Co-operative Party in some localities and the impact of local political cultures, including co-operative political activity, on the development and organisation of the Labour Party has therefore been addressed by historians. Equally co-operative politics have been recently explored in the context of consumer history.<sup>61</sup> However there has been less interest in the intersections between the Co-operative Party and the Labour Party at a national level, reflecting perhaps a broader move away from 'high politics' to an emphasis on local political culture. This thesis however seeks to bridge this gap between the local and national and will address the national policy and organisational relationship between the Co-operative Party and the Labour Party. By focusing nationally this thesis will draw attention to the uniqueness of the relationship and the consequent contradictions it posed in terms of organisation, policy and ideology, which contributed to this recognised diverse local political culture.

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<sup>57</sup> Rita Rhodes, *An Arsenal for Labour: The Royal Arsenal Co-operative Society and Politics 1896-1996*, (Manchester, Co-operative Union, 1998).

<sup>58</sup> Lawrence Black, *The Political Culture of the Left in Affluent Britain, 1951-64: Old Labour, New Britain?*, (Basingstoke, Palgrave-Macmillan, 2003) p. 59.

<sup>59</sup> John Marriott, *The Culture of Labourism – The East End Between the Wars*, (Edinburgh, Edinburgh University Press, 1991) pp. 39-46.

<sup>60</sup> Michael Savage, *The Dynamics of Working Class Politics: The Labour Movement in Preston, 1880-1940*, (Cambridge, Cambridge University Press, 1987) p. 195.

<sup>61</sup> Lawrence Black, *Redefining British Politics: Culture, Consumerism and Participation, 1954-70*, (Basingstoke, Palgrave-Macmillan, 2010).



## Co-operative Commonwealth or New Jerusalem?

The tensions between the co-operative movement and Labour Party in terms of ideology and policy have been noted by historians of both the co-operative movement and the Labour Party.<sup>62</sup> Although it is suggested that a natural affinity existed between co-operators and the Labour Party, deriving from their common roots in Owenite socialism, historians have indicated that a difference in emphasis on the methods to achieve socialism emerged through the first half of the twentieth century.<sup>63</sup> Gurney argued that these contrasting views on social ownership presented the most fundamental ideological divide between the Labour Party and the co-operative movement.<sup>64</sup> However this difference in emphasis on methods of ownership have not been fully explored, particularly in relation to how this shaped the political relationship between the Co-operative Party and the Labour Party, a gap this thesis will address.

In 1931 the Labour Government divided and split over economic issues caused by the world economic crisis. A.V. Alexander, Co-operative-Labour MP for Sheffield Hillsborough, was one of the Labour cabinet members that resigned from the Government in 1931 over these issues. Historians of the Labour Party have suggested that these events created several lessons for the Labour Party, notably that a 'lack of a clearly defined short-term policy was a serious weakness'<sup>65</sup> and that it became clear that 'the next Labour government must deliver the good in terms of tangible benefits for the working class'.<sup>66</sup> The year 1931 is therefore viewed as a new policy direction for the Labour Party, marking a change from the gradual socialism which had dominated the

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<sup>62</sup> Some examples include Cole, *The Co-operative Movement*, p. 318, Francis, *Ideas and Policies*, pp. 83-89, Kevin Manton, 'The Labour party and the Co-op, 1918-58', *Historical Research*, 82; 218 (2009) pp. 756-778, Robertson, 'A Union of Forces', p. 224.

<sup>63</sup> K. Friberg, R. Vorberg-Rugh, A. Webster & J. Wilson, 'The politics of commercial dynamics: consumer cooperative adaptations to post war consumerism in the UK and Sweden, 1950–2010', in Patrizia Battilani & Harm G. Schröter (eds.) *The Cooperative Business Movement, 1950 to the Present*, (Cambridge, Cambridge University Press, 2012) p, 252.

<sup>64</sup> Peter Gurney, 'The Battle of the Consumer in Postwar Britain', *The Journal of Modern History*, 77 (2005) p. 965.

<sup>65</sup> Roger Eatwell and Anthony Wright, 'Labour and the Lessons of 1931', *History*, 63, 207 (1978) p. 42.

<sup>66</sup> Paul Addison, *The Road to 1945 – British Politics and the Second World War*, (London, Jonathan Cape, 1975) p. 16.

1920s to policies dominated by nationalisation and economic planning.<sup>67</sup> Existing debates regarding Labour Party policy development from 1931 have tended to focus on the divide between the left and right of the Labour Party, the contribution of intellectuals and leaders and the influence of the trade union movement.<sup>68</sup> There has been no analysis of any possible co-operative influence particularly during the 1930s, reflecting both historiographical trends, but also the perceived marginality of their influence.

There is a general consensus among historians of the Labour Party of the prominence of state ownership through nationalisation in the economic policies of the Labour Party, particularly in the period 1931 to 1951. Toye argues that because of an 'overriding belief that state ownership was key to prosperity' other policies, such as co-operative methods never achieved much prominence.<sup>69</sup> The centrality of the state in the policies of the Labour Party has also been highlighted by Thorpe, who asserted that it 'assumed a primacy in the party's doctrine which was virtually unchallenged'.<sup>70</sup> Equally Thompson suggests that at the heart of the Labour Party's economic literature in the 1930s, there existed an 'assumption that socialism could be built only on the foundation of a substantial extension of public ownership, particularly into those industries where private monopoly power prevailed'.<sup>71</sup>

The Labour Party's overriding focus on the state as a method of ownership has led historians to conclude that the co-operative movement's influence on the Labour Party was negligible. This is emphasised because co-operative methods of ownership did not feature in the policies of the Labour Party, most noted in the 1945 to 1951 period of

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<sup>67</sup> Richard Toye, *The Labour Party and the Planned Economy 1931-1951*, (Woodbridge, Royal Historical Society/Boydell Press, 2003) pp.2-3.

<sup>68</sup> Booth, Alan 'How Long are Light Years in British Politics? The Labour Party's Economic Ideas in the 1930s', *Twentieth Century British History*, 7, 1 (1996) pp. 1-26, Peter Barbaris, 'The Labour Party and Mr Keynes in the 1930s: A partial Keynesian revolution without Keynes', *Labour History Review*, 71, 2 (2006) pp. 145-166. Riddell, Neil, 'The Age of Cole? G.D.H Cole and the British Labour Movement 1929-1933', *The Historical Journal*, 38, 4 (1995) pp. 933-957. Neil Riddell, 'Walter Citrine and the British Labour Movement, 1925-1935', *History*, 85, 278 (2000) pp. 285-306.

<sup>69</sup> Toye, *The Labour Party*, p. 75.

<sup>70</sup> Andrew Thorpe, *A History of the British Labour Party*, (London, Macmillan, 1997) p. 84.

<sup>71</sup> Noel Thompson, *Political Economy and the Labour Party: The economics of Democratic Socialism 1884-2005*, (Routledge, London, 2<sup>nd</sup> Edition 2006) p. 130.

Labour Government. Mercer has argued that in spite of the electoral agreement co-operatives felt they had a 'distinct disadvantage' in the period of the post war Labour Government.<sup>72</sup> Equally, the subsequent tensions this political exclusion created between the Co-operative Party and the Labour Party have been highlighted by Robertson.<sup>73</sup> Although historians agree in regard to the political isolation of the co-operative movement, existing interpretations vary as to the reasons why, often with bias from either a Labour or co-operative perspective. For instance Gurney is critical of the Labour Party, concluding that its potential to radically restructure British society in the last half of the twentieth century was undermined by its inability to integrate consumers and producers, which reflected its emphasis on statist forms of ownership.<sup>74</sup> Gurney suggests that co-operators were acutely disappointed by the actions of the Labour Party (in relation to co-operatives) during their 1945 to 1951 period of Government. He cites a damning speech by Daniel Dow, a director of the Scottish Co-operative Wholesale Society, who in February 1951 spoke of how the Labour Government was indebted to the co-operative movement for its current position, yet made only occasional flattering references to the movement.<sup>75</sup> What Gurney indicates is that there was a level of expectation, given the close political relationship between the Labour Party and the co-operative movement, that the Labour Party would embody co-operative ideas in their policies. However this interpretation is problematic as if the Labour Party was expected to represent the co-operative movement politically then what was the purpose of the Co-operative Party? Secondly, Gurney does not consider in any significant detail the extent to which the Co-operative Party, as the political vehicle for the co-operative movement distinctly advocated a co-operative alternative to state forms of ownership.

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<sup>72</sup> Helen Mercer, *Constructing a Competitive Order: the hidden history of British anti-trust policies*, (Cambridge, Cambridge University Press, 1995) p. 155.

<sup>73</sup> Robertson, *The Co-operative Movement*, p. 122.

<sup>74</sup> Gurney, 'Battle of the Consumer', p. 985.

<sup>75</sup> Gurney, 'Battle of the Consumer', p. 966. Throughout this article Gurney makes reference to how the co-operative movement has bolstered the Labour Party – for example in terms of popular support for the continuation of rationing. p. 964.

On the other hand, Manton has described as 'curious' that the Labour Party did not look to the co-operative movement for inspiration, particularly regarding their retail and distribution policies.<sup>76</sup> He suggests that despite representing the same working class constituency and the co-operative movement having a strong presence on the high street, co-operative ideas were not taken seriously by the Labour Party.<sup>77</sup> Manton cites three reasons for this; 'political friction' between the Co-operative Party and the Labour Party, ideological issues, notably the co-operative movement's opposition to state control as the only method of ownership and lastly the relatively poor performance of co-operatives as businesses in this period.<sup>78</sup> In a broader assessment of the Labour Party and the co-operative movement, Manton argues that the negative conclusions of the Crosland Report on co-operation in Britain, published in 1958, represented 'the product of a Labour milieu that had long been critical of the political and economic foundations advanced by British co-operativism'.<sup>79</sup> Manton in this article was also mapping out and analysing Labour's post war nonchalance and indifference to the co-operative movement. In this respect Manton raises some key points regarding the complex ideological and policy relationship between the Co-operative Party and the Labour Party which echo throughout this analysis, in particular the ideological tension over forms of ownership.<sup>80</sup> Nevertheless Manton is at times overly critical of the co-operative movement and underestimates the continued strength and relevance of the co-operative movement in working class communities.<sup>81</sup> He does not explore the 'problematic relationship' he described between the Co-operative Party and the Labour

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<sup>76</sup> Kevin Manton, 'The Labour Party and Retail Distribution, 1919-1951', *Labour History Review*, 73; 3 (2008) p. 274 & Kevin Manton, 'Playing both sides against the middle: The Labour Party and the wholesaling industry, 1919-1951', *Twentieth Century British History*, 18; 3 (2007) pp. 311-312.

<sup>77</sup> *Ibid.*

<sup>78</sup> *Ibid.*

<sup>79</sup> Manton, 'Labour and Co-op', p. 777.

<sup>80</sup> *Ibid.*, pp. 764-757.

<sup>81</sup> In 1951 the Co-operative movement comprised 1,006 retail distributive societies with a combined membership of almost 11 million. It was not an insignificant movement. *Co-operative Congress Report* (1952) Appendix, Co-operative Statistics (1951) p. 7.

Party and thus his analysis of the political relationship remains somewhat underdeveloped in this respect.<sup>82</sup>

What unites these assessments of the political marginalisation of the co-operative movement by the Labour Party in the 1945 to 1951 period is a recognition that the 'undeniably fraught post war years were symptomatic of a more deeply rooted set of intertwined ideological and political disagreements'.<sup>83</sup> Equally Burge in suggesting that the post war Labour Government was a 'missed opportunity' for co-operation acknowledges that this was a result of 'profound differences' which surfaced in the post war period based upon the different history and philosophies of the two parallel movements.<sup>84</sup> Emerging from these assessments is the question of what these ideological differences were and more importantly how did they affect and shape the relationship between the Co-operative Party and the Labour Party, both in and prior to this period? Moreover how did this ideological relationship change over time according to the organisational priorities of each organisation? These questions will be addressed throughout this thesis.

Historians of the Labour Party have indicated that by the late 1940s the future direction of the nationalisation programme was contested within the Labour Party. McKibbin, describing the Labour Party as being in an 'ideological cul-de-sac' by 1951, suggested that the electorate was either indifferent or opposed to further nationalisation at this point, although arguing that public ownership still united the party politically and ideologically.<sup>85</sup> McKibbin interprets the Labour Party's 1951 election defeat as being a result of the narrowness of their politics, and refusal to think seriously about the institutions of a social democratic or socialist state.<sup>86</sup> Thompson outlines how the obvious candidates for nationalisation had been nationalised by 1950 leaving it not

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<sup>82</sup> Manton, 'Labour and Co-op', pp. 767-774.

<sup>83</sup> Manton, 'The Labour Party and the Co-op', p. 765 & 757.

<sup>84</sup> Alun Burge, *Co-operation- A post war opportunity missed? A Welsh perspective*, (The Bevan Foundation, Merthyr Tydfil, 2012).

<sup>85</sup> McKibbin, *Parties and People- England 1914-1951*, p. 175.

<sup>86</sup> *Ibid.*

immediately apparent where the Labour Party would look next.<sup>87</sup> Similarly, Ellis suggests that by 1951 there was no agreement within the Labour Party about the desirability of future extensions of the public sector or the degree to which nationalisation should remain a shibboleth of the party.<sup>88</sup> Ellis and Thompson describe a symbolic attachment to nationalisation by the Labour Party suggesting that any perceived attempt to undermine the importance of nationalisation would be viewed as threatening the achievements of the 1945 Labour Government and the prevailing meaning of 'socialism'.<sup>89</sup> Thus, the consensus from the work of a number of historians argues that by the late 1940s the Labour Party was not ideologically and politically united on the future direction and the purpose of nationalisation in their policy programme.

In these broader discussions Francis has suggested that co-operative ideas did generate some interest from within the Labour Party particularly in the late 1940s, although this translated into limited support.<sup>90</sup> He contends that although co-operative ideas were not relevant to the Labour Party in 1945, by 1950 Labour's attitude to the co-operative movement appears to have become more positive.<sup>91</sup> This discussion is situated within a wider analysis of the Labour Party's attitudes and policies to public ownership in which he argues that 'the most important aspect of the ideological tension surrounding nationalisation in the post-war period was the absence of any real measure of agreement among socialists as to what were the essential purposes of public ownership'.<sup>92</sup> In this he highlights key debates which occurred within the Labour Party in the later 1940s about the future direction of nationalisation, illustrating that both ethical and practical reasons for nationalisation were put forward by the Labour Party.

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<sup>87</sup> Thompson, *Political Economy*, p. 152.

<sup>88</sup> Ellis, 'Letting it Slip: The Labour Party and the 'Mystical Halo' of Nationalization, 1951–1964', *Contemporary British History*, 26:1 (2012) p. 51.

<sup>89</sup> Thompson, *Political Economy*, p. 168, Ellis, 'Letting it Slip', p. 51.

<sup>90</sup> Francis, *Ideas and Policies*, p. 85.

<sup>91</sup> Francis, *Ideas and Policies*, p. 85.

<sup>92</sup> Francis, *Ideas and Policies*, p. 71.

What Francis therefore indicates is that co-operative methods of ownership did contribute to a wider spectrum of debate within the Labour Party as to the future direction and purpose of their nationalisation programme. This thesis will expand on this analysis initiated by Francis, but in the context of the political relationship between the Co-operative Party and the Labour Party. It will use the Labour Party's proposal to nationalise industrial assurance in 1949 as an avenue from which to explore the changing policy relationship between the Co-operative Party, co-operative movement and Labour Party. This will further emphasise that the policy discussions within the Co-operative Party (and the co-operative movement more generally) provide an alternative perspective from which to explore the debates which existed across the wider labour movement regarding the purpose, function and future direction of nationalisation in the latter part of the post war Labour Government.

### **Organisational and Constitutional Limitations?**

This thesis will focus on the Co-operative Party in considering what reasons contributed to the marginalisation of co-operative ideas, unlike previous assessments which have focused more generally on the relationship between the Labour Party and the co-operative movement. It will analyse the development of the policy of the Co-operative Party from 1931, focusing in particular on their policies regarding methods of ownership. As indicated by Mercer tensions in the 1945 to 1951 period were not just a studied indifference towards the co-operative movement by the Labour Party but reflected a divide over what ownership embodied.<sup>93</sup> Consequently the research will focus on the extent to which the policies of the Co-operative Party differed from that of the Labour Party regarding forms and methods of ownership and whether distinct co-operative alternatives to state and municipal forms of ownership were promoted from 1931 onwards. Trentmann, examining the distribution of milk, argued that 'the co-operative movement came to accept in the 1930s and 1940s that consumer interests were best protected in collaboration with the state'. He suggested that the

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<sup>93</sup> Mercer, *Constructing a Competitive Order*, p. 155.

movement did not advocate their alternative model of a 'Co-operative Commonwealth'.<sup>94</sup> This raises the crucial question as to whether the Co-operative Party could have done more to influence Labour Party policy and if so what organisational and ideological limitations prevented them from doing so. The role of the co-operative movement, in particular the Co-operative Union in determining this ideological and policy will therefore be examined. Bonner has suggested that the Co-operative Union during the 1920s was more concerned with immediate problems of finance, trade and systems of management, and that problems raised by theorists like the Webbs, Poisson and others were not adequately discussed which resulted in the means becoming detached from the ends.<sup>95</sup> Crucially this thesis will examine the changing priorities of the Co-operative Party and the co-operative movement to establish what other external factors affected the development of their political ideology and potentially hampered the development of their 'co-operative commonwealth'.

On the surface the Co-operative Party promoted a distinct identity from the Labour Party in that it was the only political party representing consumers in the House of Commons.<sup>96</sup> This consumer identity was perhaps unsurprising given the retail dominated nature of the British co-operative movement and the legacy of the Rochdale Pioneers' desire for 'honest food at honest prices'. Robertson has recently highlighted how the varying priorities of elements within the labour movement regarding the promotion of consumer legislation during the Labour Party's second period of Government created tensions between the co-operative movement, the trade unions and the Labour Party.<sup>97</sup> Elsewhere Robertson credits the Party for achieving a measure of success in local consumer issues but suggests that it did not advocate a

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<sup>94</sup> Frank Trentmann, 'Bread, Milk and Democracy: Consumption and Citizenship in Twentieth-Century Britain', in (eds.) Martin Daunton and Matthew Hilton, *The Politics of Consumption: Material culture and citizenship in Europe and America*, (Berg, Oxford, 2001) p. 154-155.

<sup>95</sup> Bonner, *British Co-operation*, p. 206.

<sup>96</sup> Robertson, 'A union of forces', p. 221.

<sup>97</sup> Nicole Robertson, 'The Second Labour Government and the Consumer', in J. Shepherd, J. Davies & C. Wrigley, *The Second Labour Government, 1929-1931: A reappraisal*, (Manchester, Manchester University Press, 2012) p. 126.



co-operative alternative in other policies.<sup>98</sup> Robertson cites London co-operator, Vic Butler asking 'if co-operators ought to consider if it is we are who to blame' [for this marginalisation].<sup>99</sup>

Likewise it has been previously suggested that the policy and ideological development of the Co-operative Party was hampered due to a prolonged debate over practical matters such as political organisation particularly during the 1930s.<sup>100</sup> There is therefore an argument emerging here that suggests an element of responsibility lies within the Co-operative Party for the negligible influence co-operative methods had on Labour Party policy. This thesis will consider what factors contributed to this by assessing how the organisational structure of the Co-operative Party, in particular its relationship with the Co-operative Union, left little freedom for policy development. This point in particular leads to more speculative theoretical questions regarding the role and function of the Co-operative Party within the co-operative movement. What were the priorities for the Co-operative Party? Was the purpose of their relationship with the Labour Party to gain parliamentary representation or to influence their policy? Moreover how did these priorities change and develop over time?

Overall this literature review has demonstrated that the Co-operative Party is in need of further examination, particularly in relation to its continued political alliance with the Labour Party and the underlying ideological differences between the two organisations. The local influence of co-operative culture on the development of the Labour Party has been highlighted yet there is no recent analysis of the national level relationship. Equally the tensions between the Labour Party and the co-operative movement in the post war period have been acknowledged yet not discussed in any depth. Furthermore these differences and tensions are not always situated within the specific context of the political alliance between the Co-operative Party and the Labour Party and the

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<sup>98</sup> Robertson, *The Co-operative Movement*, p. 179.

<sup>99</sup> Robertson, *The Co-operative Movement*, p. 122. Footnote number 90.

<sup>100</sup> Carbery, *Consumers in Politics*, Cole, *A Century of Co-operation*, p. 327, Carr-Saunders, *Consumers' Co-operation*, p. 63.

organisational challenges this alliance presented. In order to examine the extent to which the Co-operative Party's lack of influence on the Labour Party can be traced to organisational and constitutional matters and the degree to which ideological differences affected the political relationship between the Co-operative Party and the Labour Party this thesis has been divided into two parts.

The first part, encompassing chapters one and two, focuses on organisation and the second part, including chapters three and four, concentrates on policy and ideology. Four strands of research have been identified to provide the individual chapter structures; first, a focus on the organisation and structure of the Co-operative Party; second, an examination of the organisational relationship between the Co-operative Party and the Labour Party, third, the policy development of the Co-operative Party in the 1930s; and fourth an examination of the co-operative contribution and response to the Labour Government economic policies in the period 1945 to 1951. These will form the basis of the analysis to understand why co-operative ideas were marginalised by the Labour Party, illustrating that wider ideological differences contributed to an organisational alliance which gave little scope for co-operative ideas of ownership to be developed and considered. This research seeks to plug not only a gap in wider political literature by providing an analysis of an under-researched political party but also to contribute to an emerging field of literature which views the Labour Party as a myriad of organisations influenced by a range of ideological and cultural identities.

### **Methodology and Sources**

Reflecting recent trends in historiography, the culture of co-operative politics and local relationships between the Labour Party and co-operative societies has to some extent already been addressed. These studies have illustrated the co-operative contribution to the diverse roots of the Labour Party. In contrast this thesis will address national organisation and policy debates, to provide a structural context to these existing interpretations. It will show how organisational and policy considerations shaped both the local and national relationship. Furthermore this will contribute to work by Worley

and Robertson emphasising the diversity of the Labour Party both in organisation, structure and ideology.

Consequently the methodology applied to this thesis is what could be described as 'formal politics'. However whilst the analysis focuses on the national relationship between the Co-operative Party and the Labour Party, the research has drawn on local examples as appropriate to support arguments and conclusions. As the literature review indicated there has been no detailed academic study of the Co-operative Party since 1969 emphasising the need for an up-to date analysis. This is compounded by the absence, simplification or misunderstanding of the Co-operative Party and its relationship with the Labour Party in existing historiography. Although Thorpe overlooks the Co-operative Party in his recent monograph examining political organisation throughout the Second World War, his justification for a return to the 'formal' approach to political history can be applied here. Thorpe argues that the history of political organisation is crucial to understanding the political culture of an organisation and is not an old fashioned subject, yet has been seriously neglected by historians of twentieth century politics.<sup>101</sup>

The nature of the sources available partially led to this structural and organisational approach. The Co-operative Party collection has been recently catalogued at the National Co-operative Archive and in the period which this research has focused, this collection comprises predominantly national sources. This collection, as indicated by the Co-operative Party's relative invisibility in history, has rarely been consulted. However the originality of this research is achieved by the combination of using both the Co-operative Party collection and the records of the Labour Party held at the Labour History Archive and Study Centre.<sup>102</sup> In addition records relating to the development of the Co-operative Party in the Sheffield constituency of Hillsborough

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<sup>101</sup> Andrew Thorpe, *Parties at War: Political organisation in Second World War Britain*, (Oxford University Press, Oxford, 2009) p. 8.

<sup>102</sup> Co-operative Party Archive (CPY)/National Co-operative Archive & Labour Party Archive (LPA)/ Labour History Archive and Study Centre (LHASC).

provide a localised perspective.<sup>103</sup> Sheffield has been chosen as a local example because during the period 1931 to 1951 it represented a Co-operative-Labour stronghold, with A.V. Alexander holding the Hillsborough seat from 1922-1931 and 1935-1951. Furthermore both Sheffield and A.V. Alexander have yet to benefit from any detailed research in the context of Co-operative-Labour relations.<sup>104</sup>

The Party Conference reports for both the Co-operative Party and the Labour Party have been systematically examined for the period 1931 to 1952. These Conference reports include a record of the proceedings and debates as well as annual reports submitted by their Executive and National Committees. The analysis of these has mainly been qualitative, pulling out examples where the Co-operative-Labour relationship was discussed and where policy differences emerged, focusing particularly on details about social ownership. However these sources are equally as revealing for what they do not discuss. The Labour Party Conference reports contain little reference to the Co-operative Party, reflecting as this thesis will explore, the constitutional limitations of their electoral alliance and this can partly begin to explain its relative absence in Labour Party historiography.

The Co-operative Party conference reports provide an overview of the Party's national priorities as well as an insight into what key issues affected local co-operative political organisations. They in many respects provide a vital lens on the intersection between the local and national – and the organisational and political culture of the Co-operative Party. However it was not until the mid 1940s that sectional reports were included in the conference reports, and this has again contributed to the national focus of this research.

As this thesis will explore in detail, Co-operative Party Conference reports only provide part of the picture, as conference had no authoritative power and decisions made at

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<sup>103</sup> Albert Ballard Collection (ABC)/Sheffield Archives (SA) Sheffield Co-operative Party Collection (CPR)/ SA, Papers of A.V. Alexander (AVAR)/ Churchill Archive Centre (CAC).

<sup>104</sup> A.V. Alexander has benefitted from a short biography, see John Tilley, *Churchill's Favourite Socialist: A life of A.V. Alexander*, (Manchester, Co-operative Union, 1995).

Conferences were finally determined by Co-operative Congress. Therefore, this research has supplemented Co-operative Party Conference reports with a broader examination of the Co-operative Union collection, including not only Co-operative Congress Reports but also the minutes of the other departments of the Co-operative Union, particularly those of the Joint Parliamentary Committee and National Co-operative Authority.<sup>105</sup> These minutes also include the minutes of the meetings of the National and Executive Committees of the Co-operative Party, which were predominantly concerned with grants, candidates, elections, staffing and arrangements in localities.<sup>106</sup> Crucially it was via these meetings that the national finances of the Party were administered and where local level agreements with the Labour Party were negotiated and they are invaluable for assessing the organisation of the Party both nationally and locally, although they provide very little information in terms of the wider policy of the Party. Occasionally reference is made to 'an interesting discussion' on policy or the relationship with the Labour Party but frustratingly for the researcher the content of the discussion is left out.

Perhaps the most crucial source in analysing relationship between the Co-operative Party and the Labour Party are the minutes of the Joint Committee of the Labour Party and the Co-operative Party, comprising members of both their Executive Committees.<sup>107</sup> The records of this committee are available for the period 1925 to 1939 and form part of the Labour Party Archive, yet have rarely been explored by historians of the labour or co-operative movement. In addition to minutes of meetings these records contain important memos and copies of correspondence from both the Labour Party and Co-operative Party discussing in detail aspects of both organisation and policy of their relationship that is not available in other records. These minutes contribute significantly to the original research undertaken in this thesis, providing a

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<sup>105</sup> *Co-operative Congress Reports*, Co-operative Union Minutes/ NCA.

<sup>106</sup> These minutes can also be found in Co-operative Union Minutes/NCA.

<sup>107</sup> Joint Committee of Labour Party and Co-operative Party, (1925-1939 total range available)/ LPA.

previously unexplored perspective on the national priorities and concerns which dominated the relationship. There is also a limited amount of evidence on the Labour Party's relationship with the Co-operative Party, particularly from the 1940s, to be found in the papers of J. Middleton, who was the General Secretary of the Labour Party.<sup>108</sup> As Secretary of the Labour Party, Middleton played an important role in negotiations between the two Parties regarding the 1946 Agreement and this is reflected in the correspondence in his collection. Another source of information that has been consulted are the records of the Labour Party Research Department which include policy making information. These have been examined particularly in the 1945 to 1951 period to assess the extent to which co-operative ideas were discussed.<sup>109</sup> In 1941 the co-operative movement joined the National Council of Labour, a body comprising the Trades Union Council (TUC) and the Labour Party which discussed policy issues affecting the wider labour movement. Therefore the minutes of the National Council of Labour have also been examined from 1939 to 1951 to assess the contribution made by the co-operative movement.<sup>110</sup>

When combined the official national records of both the Labour Party and the Co-operative Party provide a balanced view on the alliance. In addition, a number of archive collections relating to the Co-operative Party in Sheffield have been consulted to provide a local perspective on aspects of the national relationship. The development of the Sheffield Co-operative Party has previously not been considered in any great detail by historians and neither have two key personalities closely associated in this period – A.V. Alexander and Albert Ballard. This is surprising given A. V. Alexander's prominent position in both the co-operative movement and Labour Party. The Sheffield Co-operative Party collection is available at Sheffield Archives and contains the original minute books of the Party from its conception in 1918.<sup>111</sup> Furthermore the records

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<sup>108</sup> General Secretary Papers/Co-operative Movement (LPA/GS/CO-OP).

<sup>109</sup> Labour Party Research Department Papers/LPA.

<sup>110</sup> National Council of Labour Minutes/LPA.

<sup>111</sup> Sheffield Co-operative Party Collection (CPR)/ SA.

provide local responses to national membership campaigns and also the relationship between the Labour Party and the Co-operative Party in a constituency which had a Co-operative-Labour MP for the majority of the period 1931 to 1951. In addition the personal papers of Albert Ballard, Sheffield Co-operative Party Organiser and later Chair of the Co-operative Party have been consulted, also available at Sheffield Archives.<sup>112</sup> His papers provide a valuable insight into the political and personal life of a grass roots activist who was instrumental in organising at a local level whilst contributing to the national direction of the Party. Equally the papers of A.V. Alexander, Co-operative MP for Sheffield Hillsborough have been examined as these provided an opportunity to explore the unique and contradictory position held by Co-operative-Labour MPs.<sup>113</sup>

Another significant part of the Co-operative Party collection utilised throughout this research are the pamphlets and periodicals published by the Party which discuss policy, organisation, the activity of Co-operative MPs and a wide range of other contemporary issues.<sup>114</sup> The policy pamphlets in particular represent the outward manifestation of the Party's political agenda, their purpose being to engage the active membership and possibly attract new members. Pamphlets published by the Party were also concerned to a large extent with the nature of co-operative involvement in politics, justifying and legitimising the purpose of the Party.<sup>115</sup> The *Monthly Letter* published by the National Committee of the Co-operative Party from March 1944 has also been consulted. The contents of the *Monthly Letter* were a mix of opinion and news pieces intended to inform local party organisation and membership. The *Co-operative News* has been consulted where appropriate as have other co-operative publications including *The Co-operative Review* a monthly magazine published by the

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<sup>112</sup> Albert Ballard Collection (ABC)/Sheffield Archives (SA).

<sup>113</sup> Papers of A.V. Alexander (AVAR)/ Churchill Archive Centre (CAC).

<sup>114</sup> For example Co-operative Party, *Work at Westminster – Activities of the Co-operative M.P.s during the sessions of 1931*, (Co-operative Union, 1932) Jack Bailey, *The Co-operative Party – An outline of Organisation*, (Co-operative Party, 1944) and Co-operative Party, *We still remember: an exposure of Tory misrule between the two wars*, (Co-operative Party, 1950).

<sup>115</sup> For example Alfred Barnes, *The Political aspects of Co-operation*, (Co-operative Union, 1926).

Co-operative Union. These provide a range of contemporary views on the Party, its policies and relationship with the Labour Party.

By drawing on this wide and varied combination of sources, many of which have not previously been examined in any great detail, this thesis will provide a new and original analysis to the history of the Co-operative Party, both as a political Party in its own right and in regard to its unique relationship with the Labour Party.

### **Chapter Framework**

This section outlines the content and focus of each chapter and the key questions raised in the context of the wider research framework. Chapter one focuses on the organisation and structure of the Co-operative Party to situate it within the wider political historiography of the twentieth century. It will provide an analysis of its structural and organisational aspects, with particular reference to its symbiotic relationship with the Co-operative Union. This chapter is a response to the absence and misunderstanding of the Co-operative Party in existing literature, demonstrating how it represented in its own right a working class political organisation. In this chapter an analytical framework of the structures and organisation of the Party will be developed, from which the political relationship between the Co-operative Party and the Labour Party will be explored. Key questions will be posited such as what was the relationship between the Co-operative Party and the Co-operative Union, and moreover what were the implications of this on the development of the Co-operative Party. This chapter will highlight the contested nature of co-operative involvement in formal party politics and examine the changing role and function of Party within the wider political functions of the co-operative movement.

Chapter Two will examine the national structure of the relationship between the Co-operative Party and the Labour Party, the organisational details of which have not been examined previously. Drawing on the rarely used Joint Committee Minutes of the Co-operative Party and the Labour Party this chapter will examine the organisational



tensions arising in this relationship particularly during the 1930s to illustrate how these reflected a greater divide over ideology and policy than has previously been acknowledged. A key question addressed throughout this chapter is why the Co-operative Party and the Labour Party maintained an electoral alliance, and how the nature of this alliance changed over time, reflecting the changing priorities of both Parties. This chapter will consider the reasons why the Co-operative Party did not affiliate nationally to the Labour Party and explore how the resulting alliance created a unique situation in the history of the Labour Party.

Chapter three will focus on policy development of the Co-operative Party, particularly during the 1930s and the Second World War. This chapter represents a shift in focus from organisation to policy, addressing some of the conclusions regarding organisation in an examination of the policy development of the Co-operative Party. What this chapter will consider is the extent to which the Co-operative Party developed a distinct political policy during the 1930s but moreover how organisational peculiarities and constitutional limitations affected policy development. In addition this chapter will examine the broader challenges that affected the policy development of the Co-operative Party during this period, including the external threats faced by the co-operative movement and the extent to which the Co-operative Party needed to focus on defending, as opposed to promoting co-operative interests. In doing so this chapter will conclude that the marginalisation of co-operative ideas in the post war period had its roots in this crucial period of Labour Party policy development.

The fourth chapter will focus on the policy interactions between the Co-operative Party and the Labour Party in the period 1945 to 1951. It will examine how the marginalisation of co-operative ideas in the Labour Party's programme of 1945 was a combination of several factors, as illustrated throughout the previous three chapters. This chapter will assess in greater detail than has been previously considered the co-operative contribution to the debates which surfaced from about 1948 regarding the future of the Labour Party's nationalisation policies, particularly as the policies

proposed by the Labour Party for a second term, notably the nationalisation of Industrial Assurance, began to impinge directly on the business of the co-operative movement. This chapter will argue that the political voice of the Co-operative Party in this period was stronger than before as they had to think more clearly about the role of the co-operative movement in a socialist society, although concluding that their influence remained marginal due to the organisational structure of their relationship with the Labour Party. Moreover this chapter will explore the changing dynamic between the Co-operative Party, the co-operative movement and the Labour Party during this period and indicate how this affected the policy of the Co-operative Party. Finally this chapter will consider what the tensions in policy which emerged in this period reveal about the relationship more generally – in particular emphasising that they encapsulated the reason why the co-operative movement did not affiliate nationally to the Labour Party and therefore remained only a peripheral influence.

## **Summary**

Overall this thesis will provide an original interpretation of the organisational and policy relationship between the Co-operative Party and the Labour Party, focusing on the period 1931 to 1951. Given the current contested position of the Co-operative Party following a difficult year for the Co-operative Group in 2013, this analysis of the history of the Co-operative Party and its relationship with the Labour Party is timely.<sup>116</sup> As the literature review has indicated the existing literature addressing both the Co-operative Party and the political relationship between the co-operative movement and the Labour Party is fragmented. Historians have acknowledged that ideological and organisational tensions existed between the Labour Party and the co-operative movement but the analysis focuses on the marginalisation of the co-operative movement – and not the complicated and changing nature of the political relationship between the Co-operative

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<sup>116</sup> <http://www.theguardian.com/commentisfree/2014/mar/16/co-operative-movement-key-to-better-britain> Accessed 16/04/2014. At the time of writing the Co-operative Group, representing the largest consumer co-operative in Britain was running a 'Have your Say' survey. <http://www.haveyoursay.coop/>. Questions in this survey address the funding of a political party.

Party, Labour Party and co-operative movement. By grounding this research in the Co-operative Party and using previously unexplored archive material, this thesis will provide an additional perspective to the myriad of influences upon both Labour Party organisation and policy. Ultimately it will question why, despite a political relationship with the Co-operative Party, did Labour Party policy, particularly in the period 1931 to 1951, not embrace co-operative methods of ownership. Previous interpretations have suggested that there was an indifference to co-operative ideas from the Labour Party which led to the political isolation of the co-operative movement. However this thesis will illustrate that the reasons for this marginalisation are complex and multifaceted, reflecting both organisational tensions and ideological differences.

Stewart has argued that the Co-operative Party acted as the 'broker' between the co-operative movement and Labour Party, a hypothesis that this research will challenge by considering the structure, function and purpose of the Co-operative Party in the context of its relationships with both the co-operative movement and the Labour Party.<sup>117</sup> This thesis will argue that on one level the Co-operative Party provided a democratic route for the co-operative movement to enter formal politics, and therefore broker a relationship in Parliament with the Labour Party to protect co-operative business interests. However it will demonstrate that the continued exertion of control by the co-operative movement over the Co-operative Party limited the extent to which it could act as a broker, as crucial discussions regarding political organisation and policy bypassed the party and took place directly between the Labour Party and the co-operative movement. Moreover this control from the Co-operative Union in effect limited the potential development of a distinct co-operative political programme, as during the period 1931 to 1951 the focus of the Co-operative Union was protecting co-operative business interests and it did not engage more widely in ideological discussions about the role of co-operatives in the restructuring of society.

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<sup>117</sup> Stewart, 'A Party within a Party?', p. 139.

Nevertheless what this thesis will argue is that the reason why the Co-operative Party continued to function as an independent political party, unaffiliated nationally from the Labour Party did reflect a significant ideological divide between the co-operative movement and the Labour Party over methods of collective ownership. It will illustrate how the underlying ideological differences in emphasis between voluntary co-operation and state socialism underpinned the unique nature of the organisational relationship between the Co-operative Party and the Labour Party. Crucially this thesis posits that the ideological and policy tensions which emerged between the Co-operative Party and the Labour Party in the post war period reflected one aspect of a deeper divide within the labour movement regarding the best route to a 'socialist commonwealth'.

## CHAPTER 1: THE CO-OPERATIVE PARTY: THE POLITICAL EXPRESSION OF THE CO-OPERATIVE MOVEMENT?

*'The support of the Party by the Co-operative Union ensures that the Party shall be regarded not as a political faction but as the political expression of the Co-operative Movement'.<sup>118</sup>*

Until 2005 the Co-operative Party was constituted as a department of the Co-operative Union. As the above quote suggests the Co-operative Union's control over the Co-operative Party was necessary to ensure that the Co-operative Party was the 'political expression' of the co-operative movement. This chapter will analyse the relationship between the Co-operative Party, the Co-operative Union and the wider co-operative movement, examining the implications this symbiotic relationship had on both the organisational and policy development of the Co-operative Party.

The purpose of this chapter is twofold: firstly it will provide a crucial context for an examination of the Co-operative Party's relationship with the Labour Party which will form the basis of this thesis. One reason for the oversight or misunderstanding of the Co-operative Party within wider Labour Party historiography can be attributed to a lack of understanding as to the role, purpose and function of the Co-operative Party within the wider co-operative movement. The ambiguous organisational relationship between the Co-operative Party, the Co-operative Union and the wider co-operative movement has been overshadowed in studies which address the policy divide between the co-operative movement and the Labour Party in the post war years.<sup>119</sup> Manton's assessment of Labour and Co-operative political relations makes generalised references to the 'co-op' and does not fully acknowledge the different functions held by the Co-operative Party, other departments of the Co-operative Union, individual

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<sup>118</sup> Jack Bailey, *The Co-operative Party – An outline of Organisation*, (Co-operative Party, 1944) p. 15.

<sup>119</sup> Manton, 'The Labour Party and the Co-op', Robertson, *The Co-operative Movement*, p. 122, Gurney, 'The Battle of the Consumer', p. 966.

distributive societies and wholesale societies.<sup>120</sup> Furthermore previous studies acknowledge that the Co-operative Party's need for political autonomy significantly determines their attitude towards affiliation to the Labour Party, yet what this autonomy actually means in practice is rarely considered.<sup>121</sup>

By exploring aspects of the symbiotic relationship between the Co-operative Party and the Co-operative Union this chapter will provide a new and deeper understanding of the organisational and structural background of the Co-operative Party. This will underpin the subsequent chapters that focus on the organisational and ideological relationship with the Labour Party. This chapter will show how the Co-operative Party was shaped by the unique political culture of the wider co-operative movement, which was divided in terms of theory, ideology and practice.

Secondly, this chapter will provide a detailed explanation of the organisation of the Co-operative Party in the period 1931 to 1951. Recent studies addressing the Co-operative Party have tended to focus on the political alliance with the Labour Party, due to the bearing this relationship had on the development of the Labour Party.<sup>122</sup> Yet this obscures the fact that the Co-operative Party was a separate functioning political organisation, with a vast affiliated membership and autonomous finances. A consideration of the Co-operative Party is, as outlined in the introductory chapter, often absent from wider accounts of politics in the twentieth century. Yet it is not an insignificant political organisation – in 1951 it represented an economic and social movement of almost 11 million members.<sup>123</sup> This chapter will focus on the Co-operative Party in its own right – as a political party and an organisation within the larger umbrella of the labour movement. It will unpack the complex organisational structure and the intertwined relationship between the Co-operative Union, individual co-operative societies, their members and the Co-operative Party. In doing so this chapter will

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<sup>120</sup> Manton, 'The Labour Party and the Co-op'.

<sup>121</sup> Rhodes, *Co-operative-Labour Relations*, p. 119.

<sup>122</sup> Stewart, 'A party within a party?', Robertson, 'A union of forces'.

<sup>123</sup> *Co-operative Congress Report*, Appendix: Co-operative Statistics 1951 (1952) p, 7. Membership reported at 10,929,336.

illustrate how the Co-operative Party can contribute to wider debates regarding political participation, party identity and organisation in this period.

To achieve these research aims this chapter will firstly examine the implications of the symbiotic link between the Co-operative Union and the Co-operative Party on the functioning and development of the Co-operative Party. What was the role and function of the Co-operative Party within the wider co-operative movement and how was the Party constituted? Secondly it will consider how tensions within the co-operative movement regarding political activity determined the development of the Co-operative Party. Did a combination of apathy and opposition to co-operative political involvement from within the Co-operative Union limit the potential strength and spread of the Co-operative Party? Thirdly, it will explore how the disparate geographical and chronological development of the co-operative movement affected the grass roots development of the Co-operative Party. Recent literature addressing the Labour Party has illustrated how existing political cultures, including the co-operative movement could influence the Party's development.<sup>124</sup> In turn this chapter will demonstrate how these existing political and co-operative cultures affected the development of the Co-operative Party. Fourthly it will explore the implications of this relationship on the political functions of the Co-operative Party, with particular reference to the authority the Party had to make decisions on both organisational and policy issues. Finally this chapter will situate the Co-operative Party within the wider framework of the Co-operative Union. It will demonstrate that the Co-operative Party was not the only politically active department within the Co-operative Union and argue that this created an ambiguous situation in which the traditional functions of a political party were taken on by the other departments and committees within the Co-operative Union. In doing so this chapter will begin to unpack this layering of political activity within the wider co-operative movement and how this limited the role and function of the Co-operative Party. Moreover, this reinforces the need to expand the primary source base beyond

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<sup>124</sup> Worley, 'The Fruits on the Tree', p. 197.

the records of the Co-operative Party to include those of the wider movement in order to fully understand the dynamics of the political alliance with the Labour Party.

### **The Co-operative Union: A Brief Description**

The link between the Party and the Union is explicit in the original constitution of the Party, which stated that:

'The National Co-operative Representation Committee [later Co-operative Party National Committee] shall be a committee of the Co-operative Union, responsible to the Central Board of the Union, and through it to Congress' and that the functions of the Committee were 'subject to the instructions and veto of the Central Board and Congress'.<sup>125</sup>

From the outset, the Co-operative Party had no authority of its own and was ultimately responsible to the Co-operative Union. To understand the implications of this on the role and function of the Co-operative Party a brief summary of the Co-operative Union is useful. The Co-operative Union was formed in 1869, to co-ordinate co-operative activity across Britain due to the rapidly increasing number of retail co-operative societies. The Union summarised its role in its centenary history as:

'The keeper of the Movement's ideals and principles, the social educator, the technical advisor, the arbitrator, and the watch-dog. It is the all embracing central organisation which knits together the whole movement, provides the machinery for policy making, for negotiations on its members' behalf and for communication to and from the movement'.<sup>126</sup>

The Co-operative Union was a federal organisation of co-operative societies to which retail, productive and special co-operative societies could subscribe. At the end of 1931 there were 1,316 co-operative societies in the Co-operative Union, representing a total membership of 6,636,369.<sup>127</sup> Furthermore, there were 263,037 people employed by societies.<sup>128</sup> Of the 1,316 co-operative societies 1,188 were retail distributive societies and the membership of these individual societies varied dramatically; for example in 1931 there were 18 which had a membership of over 50,000 yet at the other end of the

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<sup>125</sup> *Co-operative Congress Report*, (1918) p. 666.

<sup>126</sup> Desmond Flanagan, *1869-1969 – A Centenary Story of the Co-operative Union of Great Britain and Ireland*, (Manchester, Co-operative Union, 1969) p. v.

<sup>127</sup> *Co-operative Congress Report*, (1932) p. 589.

<sup>128</sup> *Ibid*, p. 589.



scale there were 39 societies with less than 100 members.<sup>129</sup> In addition to retail distributive societies, members of the Co-operative Union also included distributive federations, productive societies, special societies, wholesales and insurance services.

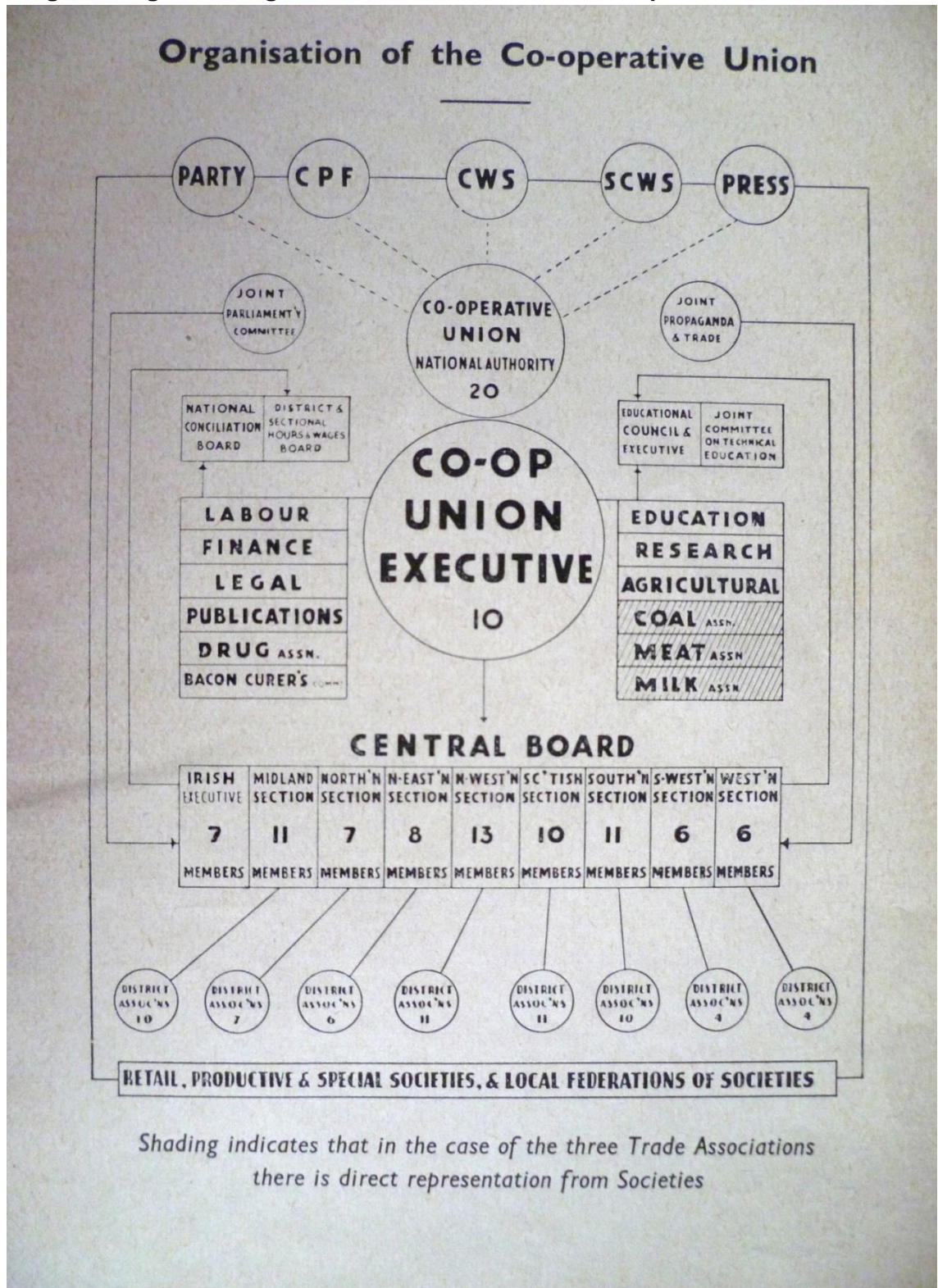
Individual co-operative societies were represented within the structures of the Co-operative Union, through democratically elected member representation. Each individual society would also have a board of democratically elected members who would oversee the governance of that individual society. Wholesale societies, for example the Co-operative Wholesale Society were co-operatively owned by co-operative societies. The complex structure of the Co-operative Union is illustrated in Image 1. This diagram is taken from a 1938 pamphlet, *Your Co-operative Union*, published by the Co-operative Union which explained to members the various functions within the Union, the need for such a publication further reiterating the complexity of this federal organisation.<sup>130</sup>

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<sup>129</sup> *Co-operative Congress Report*, (1932) pp. 591-592.

<sup>130</sup> Edward Topham, *Your Co-operative Union – What the Co-operative Union does for its Societies and their members*, (Co-operative Union, 1938, 5th revised edition). This diagram represents the structure in 1938 but it is important to note that this was a fluid structure with departments and committee being replaced, created or submerged into others at various points in its history.

Image 1: Diagram of organisational structure of the Co-operative Union.



As this diagram illustrates, the Co-operative Union contained several departments, committees and associated boards to support the functioning and development of co-operative societies as well as specialist committees dealing with particular trades such as coal, meat and milk. Education was a crucial aspect of the work of the

Co-operative Union and one that should be highlighted at this stage. As Vernon has argued in his recent chapter; 'education has long been recognised as a central pillar of co-operative values and activity. Providing for the social and cultural development of its members was an essential feature that distinguished the movement from being simply a retail organisation'.<sup>131</sup> The Co-operative Party was a department within the Co-operative Union to which local co-operative societies, affiliated co-operative guilds and other national co-operative bodies such as the Co-operative Wholesale Society, could pay subscription fees in support of its function. Similarly local co-operative societies could opt to affiliate to the Co-operative Wholesale Society or the Scottish Co-operative Wholesale Society depending on their geographical location within the United Kingdom. In terms of structure, the local co-operative societies formed the basic unit with the Co-operative Union as the central body. A central board of the Co-operative Union comprised representatives from geographical sections, which were further broken down into districts. The sectional and district boundaries of the Co-operative Union changed over time.

The benefits for co-operative societies, wholesale societies and affiliated guilds of membership of the Co-operative Union included access to a range of services and departments providing practical and technical advice and assistance. Membership of the Co-operative Union also provided a sense of belonging and solidarity to a greater movement for local co-operative societies. Co-operative Congress also helped in building a communal identity and was of huge significance to active co-operators. Held annually, Co-operative Congress was a focal event in the Co-operative Union's calendar. It was in effect, a co-operators' parliament where decisions which affected the co-operative movement were debated and discussed through resolutions submitted

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<sup>131</sup> Keith Vernon, 'Values and Vocation: educating the co-operative workforce, 1918-1939', in Webster (et al, eds.) *The Hidden Alternative: Co-operative values, past, present and future* (Manchester University Press, 2011) p.37. The inclusion of two further chapters in this edited collection from Linda Shaw and Tom Woodin regarding co-operative education emphasises this point.

by all types of co-operative societies, associated guilds and individual departments.<sup>132</sup> Votes at Congress were allocated according to the membership of each subscribing society or organisation with one vote per 1,000 members.<sup>133</sup> Yet even though members of co-operative societies attending Congress may have voted in favour of a particular resolution, the democratic member control principle of co-operation meant it was up to individual societies and their members whether Congress resolutions were implemented. Nevertheless, Birchall suggests that the Co-operative Union and Congress played a crucial role in shaping co-operative opinion, providing an authoritative 'backbone' for the movement in assisting societies to thrive and develop.<sup>134</sup>

### **The Co-operative Union Divided? Apathy and Opposition to Co-operative Political Involvement.**

Efforts to create unity and cohesion within the Co-operative Party once founded were compounded by the diverse nature of the co-operative movement itself. The Co-operative Party was the political expression of a movement which varied enormously in terms of activity, business and members, both in place and over time. The sheer size, scale and variance of the movement in the 1930s, as evidenced above, was a challenge to both creating political organisation and determining the role and function of the Party within the movement. Furthermore, not everyone within the Co-operative Union supported co-operative political action. These issues have their roots in the origins of the Party and how and why it was set up, and this section will explore the effects of these factors on the development of the Co-operative Party and how they may have hindered the progress of co-operative politics.

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<sup>132</sup> Co-operative Union, *Portrait of a Movement*, (Co-operative Union, Manchester, 1969) p. 12. Co-operative Congress is still an annual event in the co-operators' calendar, organised by Co-operatives UK.

<sup>133</sup> Johnston Birchall, *Co-op: the people's business*, (Manchester, Manchester University Press, 1994) p. 93

<sup>134</sup> Birchall, *Co-op*, p. 93.

An attempt in 1897 to form a co-operative political organisation provides a telling example of the discord between decisions arrived at by Congress and their actual implementation at society level, as well as illustrating the contested nature of co-operative politics within the movement. At the 1897 Congress in Perth, a resolution was unanimously passed in favour of direct parliamentary representation, yet a circular issued to all societies following Congress asking societies what they would be willing to support revealed both general apathy and direct opposition to this decision.<sup>135</sup> Of the 1,659 societies to which the circular was sent only 160 replied – 47 of which declared themselves against the scheme.<sup>136</sup> Consequently no political action was taken. In a later analysis of this, Shea suggests that ‘the enthusiasm carried away by the delegates leaving Perth had been drowned in the vaster seas of the movement’.<sup>137</sup>

One significant difference between the 1897 resolution for political representation and the events of 1917, when the Party was actually formed, was that the decision by members of the Co-operative Union to seek parliamentary representation in 1917 was acted on by individual co-operative societies. Following this decision, stimulated by the perceived harsh treatment of the co-operative movement by the war time government, a political fund was started in 1917 and societies within the Co-operative Union actively began to subscribe on a basis of ½ d per member. This financial subscription represented the most basic yet necessary means of supporting the Co-operative Party, as without this it would not have the funds to function. Indeed, as cited above, the Perth example illustrates how earlier attempts at direct political representation for the co-operative movement had been frustrated largely by lack of support from societies, especially financial.

The initial success of the Co-operative Party was evidenced by society affiliation. The affiliation of co-operative societies to the Co-operative Party provided the national

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<sup>135</sup> Peter Shea, “*Times Past*”, *Paragraphs on the History of the Co-operative Party*, (Co-operative Union, 1955) p. 10.

<sup>136</sup> *Ibid*, p. 10.

<sup>137</sup> *Ibid*, p. 10.

organisation with a vast affiliated membership, as all members of the subscribing organisation became affiliated members of the Co-operative Party. Consequently by 1920 the Co-operative Party could claim it had an affiliated membership of over 2,750,000.<sup>138</sup> The 1919 Congress Report reveals that between October 1917 when the National Co-operative Representation Committee was formed and the end of 1918, 573 societies had subscribed to the political fund, totalling over £7,000 in contributions.<sup>139</sup> This support continued and throughout the 1920s the affiliated membership of the Co-operative Party continued to increase.

The year 1930 was a significant turning point for the Co-operative Party as for the first time its affiliated membership represented a majority of the total membership of the Co-operative Union. The *Co-operative News* reported that 1930 was a 'record year' for the Party, the Party increased their affiliated membership by nearly half a million but also because the Party now had a majority of support from members of the Co-operative Union for the first time.<sup>140</sup> This means that in its first fourteen years of existence the Co-operative Party received only minority support from the movement it was constituted to represent. One reason for this was the extent of direct opposition to the Co-operative Party from within the co-operative movement itself. The formation of the Party in 1917 was a contentious issue and there were many co-operators who remained opposed to the Co-operative Party, described by Carbery as an 'omnipresent shadow to the Party'.<sup>141</sup> He identified four main strands of resistance to the Party: firstly those who believed the movement should be free of any political association so as to remain free to take appropriate political action on matters only affecting societies and members; secondly, those who argued that any political affiliations were bad for trade; thirdly, those who contended that the Party was superfluous, redundant and a luxury and finally, opposition from those who believed societies should follow the example of

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<sup>138</sup> Co-operative Union, *Political Action and the Co-operative Movement*, (Manchester, c. 1920).

<sup>139</sup> *Co-operative Congress Report*, (1919) p. 808.

<sup>140</sup> *Co-operative News*, 28 February, 1931, p. 1. In terms of actual figures there were 328,191 members of the Co-operative Union affiliated to the Co-operative Party and 2,878,106 not affiliated to the Co-operative Party.

<sup>141</sup> Carbery, *Consumers*, p. 84

the Royal Arsenal Co-operative Society by affiliating directly to the Labour Party and/or that the Co-operative Party should concentrate exclusively on trade related matters.<sup>142</sup>

The damaging effects of this opposition within the co-operative movement on the development of the Co-operative Party was highlighted in a publication by the Party in 1931 which stated that 'that the Party had been faced with more opposition from within the movement than outside in its first ten years'.<sup>143</sup> This pamphlet argued that this weakened relations with the Labour Party and resulted in the Party being ignored by the other political parties, the press and the public. It concluded that 'if the Co-operative movement belittles its own Party, it cannot expect it to command the respect of non-co-operative opinion'.<sup>144</sup> Thus the issue of co-operative involvement in party politics was a divisive issue within the movement and remained contentious, especially as the Co-operative Party's links with the Labour Party developed.

Within the movement, there was also a strong element of apathy towards the Party, and involvement in politics more generally which limited the level of active support for the Party. At the Party's second conference in 1925, the secretary of the Party, Sam Perry, presented a paper on organisation in which he outlined 'difficulties within the movement' as a challenge.<sup>145</sup> Perry blamed so called 'memory disease' for the indifference to the Party, claiming that co-operators had forgotten about the harsh treatment received by the movement during the war and consequently the initial rush of society subscription had waned.<sup>146</sup>

Significantly, the next major surge in society affiliation was in 1933 and 1934 in response to the National Government's decision to apply income tax to co-operative

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<sup>142</sup> Carbery, *Consumers*, p. 84

<sup>143</sup> Co-operative Union, *The Crisis of 1931 – being a statement of policy adopted by the national committee of the Co-operative Party during the financial and political crisis of August and October 1931*, (National Co-operative Publishing Society, 1931) p. 23.

<sup>144</sup> Co-operative Union, *The Crisis of 1931*, p. 23.

<sup>145</sup> Co-operative Union, *The Co-operative Party: Its Organisation and Policy – A report of the Party's second National Conference, held in Manchester, on Saturday, 31st January, 1925*, (Manchester, Co-operative Union, 1925) p. 22.

<sup>146</sup> *Co-operative Party Conference Report*, (1925) p. 22.

profits. This hostile action from the National Government united the co-operative movement in opposition to this anti-co-operative legislation.<sup>147</sup> The Report of the National Committee of the Co-operative Party in 1933 had suggested that society affiliation was declining in 1932, stating that the depression had compelled some societies to temporarily suspend their contributions to the Co-operative Party.<sup>148</sup> However, the effects of the depression did not prevent a massive surge in support after the Budget of April 1933 deemed co-operative profits liable for income tax. Society affiliation rose from 424 in 1932 to 462 by the end of 1933.<sup>149</sup> It was widely acknowledged at the time that it was the tax issue which had bolstered the strength of the Party, with Barnes reporting at the 1933 Co-operative Congress that in the few weeks since the budget eleven new societies had joined the Party, adding that 'no speech of mine has ever had that effect'.<sup>150</sup> On a similar note, Barnes noted in his Chairman's address to the 1935 Co-operative Party Conference how both Mr Neville Chamberlain and Mr Walter Elliot had been successful organisers for the Party.<sup>151</sup>

The taxing of co-operative profits was an issue which united almost the entire co-operative movement against an increasingly hostile National Government, drawing parallels with the experience of the movement during the First World War.<sup>152</sup> The tax incident was, as Bailey reflected fifteen years later, a stark reminder to co-operators that the future expansion of the movement was being affected by Government legislation, thus confirming that the interests of the movement could only be safeguarded by adequate representation in parliament and on local authorities.<sup>153</sup> The increase in support for the Party in response to the 1933 budget demonstrates how co-operators were motivated into political action when the underlying principles and

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<sup>147</sup> *Co-operative Party Conference Report*, (1934) p. 3.

<sup>148</sup> *Co-operative Party Conference Report*, (1933) Report of the National Committee, p.2.

<sup>149</sup> *Co-operative Congress Report*, (1933) p. 451.

<sup>150</sup> *Ibid.*

<sup>151</sup> *Co-operative Party Conference Report*, (1935) p. 4.

<sup>152</sup> For further detail on the issue of income tax see Neil Killingback, 'Limits to Mutuality: Economic and Political Attacks on Co-operation during the 1920s and 1930s', in S. Yeo, (ed.) *New Views of Co-operation*, (London, Routledge, 1988).

<sup>153</sup> Jack Bailey, 'The Consumer in Politics', in N. Barou (ed.) *The Co-operative Movement in Labour Britain*, (London, Victor Gollanz, 1948) p. 103.



business interests of the movement were threatened, but also reinforces the notion that there was a level of apathy towards political involvement when the movement was not feeling threatened. This illustrates the ongoing tensions within the co-operative movement as to the extent to which they should be involved in political activity – and moreover to what extent societies should support the aims and methods of the Co-operative Party.

### **Changing Patterns of Support for the Co-operative Party.**

This section will demonstrate how the development of the Co-operative Party was affected by geographical and chronological variants in the expansion of the co-operative movement. Worley has emphasised how the development of the Labour Party locally was determined by existing political cultures, and that the co-operative societies were one contributing factor to these cultures.<sup>154</sup> The research undertaken in this section will strengthen this argument, but by adopting a similar approach to Robertson will illustrate how existing local political cultures affected the development of the Co-operative Party as an organisation.<sup>155</sup>

Purvis has demonstrated how in the nineteenth century co-operation flourished in traditional strongholds such as Lancashire, Yorkshire, Durham and Northumberland yet in other areas, such as London, it failed to make an impact.<sup>156</sup> However the success of the movement was also fluid over time and as Purvis illustrated, by the 1930s this situation had changed and although national co-operative statistics illustrated an increase in both trade and membership this was not a consistent picture across the movement.<sup>157</sup> His research shows that the traditional strongholds of co-operation were now stagnating, suffering in the wake of economic downturn, the increased role of the state replacing that of the co-operative society, and with no further influxes of

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<sup>154</sup> Worley, *Fruits on Tree*, p. 197.

<sup>155</sup> Robertson, *The Co-operative Movement*, pp. 155-180.

<sup>156</sup> Martin Purvis, 'The Development of co-operative retailing in England and Wales, 1851-1901: a geographical study', *Journal of Historical Geography*, 16, 3 (1990) pp314-331.

<sup>157</sup> Martin Purvis, 'Revisiting hard times: consumers' co-operation in interwar Britain', Paper presented European Social Science and History Conference, (2012)  
<http://www2.iisg.nl/esshc/programme.asp?selyear=12&pap=9928> Accessed 11 Oct 2012.

population to build membership. Juxtaposed to this, he argues that co-operation in London for example was enjoying huge successes in membership and trade, as it had managed to establish itself in new areas.<sup>158</sup>

**Table 1: Sectional differences in society subscription to the Co-operative Party, 1931.**<sup>159</sup>

<b>Section</b>	<b>Membership total of co-operative societies</b>	<b>Membership total of co-operative societies subscribing to the Co-operative Party</b>	<b>Representative percentage of membership subscribing to the Co-operative Party</b>
Midland	937,430	601,052	64
Northern	581,446	173,459	30
North-Eastern	883,608	354,908	40
North-Western	1,336,606	559,231	42
Scottish	759,432	339,808	45
Southern	1,406,341	1,270,623	90
South Western	286,780	120,761	42
Western	200,491	102,724	51
<b>Great Britain</b>	<b>6,392,134</b>	<b>3,522,566</b>	<b>55</b>

Table 1 (above) is a compilation of the statistics available in the National Committee for the Co-operative Party's annual report from 1931. The purpose of this table is to illustrate the striking contrast between geographical sections of the Co-operative Union in their support for the Co-operative Party. In total it illustrates that 55% of the Co-operative Union membership was affiliated to the Co-operative Party, illustrating again the rising support within the movement after 1930. Yet although the Co-operative Party could claim that they had support from a majority of the Co-operative Union as a

<sup>158</sup> Martin Purvis, 'Revisiting hard times: consumers' co-operation in interwar Britain', *Paper presented European Social Science and History Conference*, (2012) <http://www2.iisg.nl/esshc/programme.asp?selyear=12&pap=9928> Accessed 11 Oct 2012.

<sup>159</sup> *Co-operative Party Conference Report* (1932) Annual Report of the National Committee.

whole, this table indicates significant geographical variations in support. What also needs to be noted is that the names of these sections did not always represent the area they suggest. For example Wales was not a distinct section and was divided into three sections, with South Wales incorporated into the South Western section and North Wales into the North Western Section. Equally, the North Eastern section did not embody, as one would expect the north east of England, as this was known as the Northern section. It was the Northern section, including Newcastle-upon-Tyne and other large industrial towns such as Sunderland, Hartlepool and Middlesbrough with strong co-operative traditions, which had the least support for co-operative political action in 1931. At the other end of the spectrum, the Southern Section, representing London and the south east of England, had the largest affiliated membership suggesting that in this area support for political activity was strong.

This divergence of support for the Party across the different sections was noted at the 1933 Party Conference in which a remarkable increase in the affiliation of societies in the Southern Section was reported in stark comparison to the Northern, North Eastern and North Western sections.<sup>160</sup> The report of the National Committee of the Party suggested that as the trade union and labour movements were strongest in these regions, the feeling was that there was no need for a Co-operative Party, as the Labour Party would adequately safeguard the interests of the co-operative movement.<sup>161</sup>

Similarly in South Wales, over a decade later, it was reported that local co-operative societies tended to make contributions direct to local Labour organisation and consequently did not affiliate to the Co-operative Party.<sup>162</sup> Thus, although these sections represented traditional strongholds of co-operation, the existing political landscape of these communities affected the development of the Co-operative Party here. These communities were also traditional Labour Party strongholds and the

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<sup>160</sup> *Co-operative Party Conference Report*, (1933) p. 2.

<sup>161</sup> *Co-operative Party Conference Report*, (1933) p. 2.

<sup>162</sup> *Co-operative Congress Report*, (1946) p. 310.

politics of these areas was dominated by the miners' union meaning that the co-operative candidates would have had little success.<sup>163</sup>

In 1934, Barnes made a direct appeal at Congress to societies in Lancashire, Yorkshire, Durham and Northumberland the 'four counties which represent the historical beginnings of co-operation' stating that if the Party was to be politically effective they needed the full power of the movement behind them.<sup>164</sup> It was important to the Co-operative Party that they gained some representation in these areas – as they represented safe Labour seats and consequently an opportunity for the Co-operative Party to gain a greater foothold in Parliament. The 1936 Co-operative Congress held in Newcastle-upon-Tyne presented another opportunity for Barnes to reiterate his appeal. He pointed out that none of the nine Co-operative Party representatives in the House of Commons came from the north east coast.<sup>165</sup> This appeal was seconded by Mr George Riddle, Director of CWS and President of the Congress, who asked local societies 'to remove the stigma the Chairman has referred to, so that before we have another Congress on the North East Coast every co-operative society will be part of the Co-operative Party'.<sup>166</sup>

This lack of support for the Co-operative Party in the traditional strongholds of co-operation compared to new areas of co-operative expansion reinforces Purvis' findings. He suggested that the areas enjoying co-operative business success in the 1930s were also the most politically conscious co-operative societies, particularly in contrast to established co-operative strongholds where existing local political conditions stood firm.<sup>167</sup> In stating that there was 'conclusive proof that the political and business progress of societies march vigorously and confidently ahead towards the Co-operative Commonwealth', Barnes was indeed using statistics from the Southern Section to show

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<sup>163</sup> Robertson, *The Co-operative Movement*, pp. 162-163.

<sup>164</sup> *Co-operative Congress Report*, (1934) p. 462.

<sup>165</sup> *Co-operative Congress Report* (1936) p. 547.

<sup>166</sup> *Ibid*, p. 548.

<sup>167</sup> Martin Purvis, 'Revisiting hard times: consumers' co-operation in interwar Britain', Paper presented European Social Science and History Conference, (2012) <http://www2.iisg.nl/esshc/programme.asp?selyear=12&pap=9928> Accessed 11 Oct 2012.

a correlation between those with member and trade increases and affiliation to the Party.<sup>168</sup> This would not have been the case in areas such as Newcastle-upon-Tyne. What this section has confirmed is that support for the Co-operative Party was uneven geographically and was affected by wider trends in the co-operative movement and the existing co-operative and political culture of an area. Nevertheless, the affiliation to the Co-operative Party from societies in the Co-operative Union was an upward trend and despite these geographical differences, by 1951 just over nine million of the co-operative movement's almost eleven million members were affiliated through their societies to the Party.<sup>169</sup>

### **Grass Roots Organisation and Participation in the Co-operative Party.**

The main challenge for the Co-operative Party during the 1920s had been to increase support in terms of society affiliation to strengthen the Party's position within the Co-operative Union. As indicated earlier in this chapter, opposition or apathy from within the movement to the Party hampered the progress of the Party. A theme, therefore, of much of the early Party literature was to justify both the need for and legitimacy of the co-operative political organisation.<sup>170</sup> However, by the 1930s, the Party had majority support from within the movement and consequently establishing, developing and consolidating local organisation became of paramount importance. This was illustrated by a resolution at the 1930 Party Conference which stated; 'that this conference realising that the National Party cannot give adequate expression to the political aspirations of the movement until effective machinery is created in the area of each society, urges the Party to intensify its activities towards this end'.<sup>171</sup> Yet how did

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<sup>168</sup> *Co-operative Party Conference Report*, (1932) p. 8.

<sup>169</sup> *Co-operative Congress Report*, (1952) p. 243 & Appendix: Co-operative Statistics 1951, p. 7.

<sup>170</sup> See for example Alfred Barnes, *The Political aspects of Co-operation*, (Co-operative Union, 1926) and A.V. Alexander, *The Business Value of Political Action to the Co-operative Movement: a paper prepared for the United Board of the Co-operative Union*, (Co-operative Printing Society Ltd, 1928).

<sup>171</sup> *Co-operative Party Conference Report*, (1930) Resolutions adopted at Annual Party Conference at Buxton, p. 2.

the disparate nature of the co-operative movement and support for the Co-operative Party affect the grass roots development of political organisation?

Once a co-operative society affiliated to the national Co-operative Party, it was then up to them to form a local Co-operative Party, or political council as they were often known in the early history of the Party. The 1925 Co-operative Party Conference had identified local organisation as vital in connecting the national and local, providing a 'medium' to educate the members in the duties and responsibilities of co-operative citizenship, to organise their votes for representative purposes and political communication with National Committee.<sup>172</sup> Without local political organisation the Party would not have been able to achieve its primary objective of gaining local and national representation. On the other hand, co-operative political participation proved a divisive issue and support was geographically disparate, hence creating cohesive, effective and nationwide organisation proved challenging.

Despite these challenges, reports from the National Committee of the Co-operative Party throughout the 1930s indicate significant progress with local organisation. At Co-operative Congress in 1932, the National Committee recorded their appreciation of the development of district and local organisations noting an encouraging increase in both the number of local Co-operative Parties and District Federations.<sup>173</sup> The unit of local organisation for the Co-operative Party was the local society, which would form a Society Co-operative Party.<sup>174</sup> The main objectives of Society Parties were to seek direct co-operative representation both locally and nationally and carry out local propaganda and education to further policies as approved by Congress.<sup>175</sup> In addition to local Co-operative Parties, federations would be established to co-ordinate the work in the various districts of the Co-operative Union. In 1934 it was reported that 141 local

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<sup>172</sup> *Co-operative Party Conference Report*, (1925) p. 21.

<sup>173</sup> *Co-operative Congress Report*, (1932) p. 101.

<sup>174</sup> *Co-operative Party, Constitution of the Co-operative Party: As Adopted at the Scarborough Co-operative Congress 1938 and amended at Llandudno Conference*, (Co-operative Union, 1947). There were 4 different constitutions available for Society Parties depending on their local arrangement.

<sup>175</sup> *Co-operative Party Conference Report*, (1939) p.2.

Co-operative Parties were definitely established and in some cases, for example London there were a further 70 divisional parties.<sup>176</sup> The National Committee of the Co-operative Party continued to press the necessity of establishing local organisations, advising that they be called Co-operative Parties instead of political councils, possibly to create a cohesive uniform identity across the different localities and encourage individual membership of the 'party'.<sup>177</sup>

Although on one hand Perry in 1925 stated that the strength of the Party was the presence of the movement across the country he further acknowledged that the Party also had to work 'in unison with machinery not quite suitable for political warfare'.<sup>178</sup>

Although the relationship between local Co-operative Parties and local Labour Parties has been deliberately omitted from this chapter as this will form the focus for the next chapter, it seems apt to point out at this juncture that a grass roots working relationship with a Labour Party was vital in the successful nomination of both local and national co-operative candidates. In terms of parliamentary candidates, the Labour Party had been organised on a constituency basis from 1918, unlike the Co-operative Party, which despite having the strength of existing co-operative societies and membership structures to draw upon, was not neatly organised into parliamentary constituencies. A Report on the Constitution of the National Committee of the Party in 1935 described how one society operating over an area including several Parliamentary constituencies or several societies operating in one constituency makes it 'virtually impossible to avoid some degree of duplication and overlapping' in the organisation of the Co-operative Party. It stated how 'the problem would have been simplified if the Co-operative Party could have been organised on a constituency basis'.<sup>179</sup> The sporadic development of local Co-operative Party organisation would however have made this a virtual impossibility, and as one early historian of the movement observed the difficulties

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<sup>176</sup> *Co-operative Party Conference Report*, (1934) p. 8.

<sup>177</sup> *Co-operative Party Conference Report*, (1934) p. 8.

<sup>178</sup> *Co-operative Conference Party Report*, (1925) p 17 and p. 19.

<sup>179</sup> *Co-operative Party Conference Report*, (1935) Report of National Committee, Appendix 2.

presented by Parliamentary constituencies not being coincident with retail societies' boundaries combined with some societies within a constituency being affiliated and some not, 'necessitated a flexible and complicated organisation'.<sup>180</sup> As Ostergaard and Smith highlighted in their report in 1960 it was this complexity in local structure which generated problems in the Party's relationship with the Labour Party.<sup>181</sup>

To eradicate the problem of constituency boundaries, the Co-operative Party also encouraged the formation of Constituency Co-operative Parties which acted as an umbrella for all society parties and auxiliary organisations within a given constituency. Individual members could also join a Constituency Party providing it with much needed finance. The role of the constituency party was to provide the machinery needed to promote candidates for election and it was often the Constituency Party where agreements which negotiated agreements with local Labour Parties were made. Voluntary Co-operative Parties could also be formed in areas where the local society did not subscribe to the Co-operative Party to provide the opportunity for co-operators to participate in politics. Although they were unable to participate in the selection of candidates, voluntary Co-operative Parties fulfilled a significant propaganda role in the absence of local society support for co-operative political action. They were also crucial in persuading members of non subscribing societies to affiliate to the Co-operative Party and represented grass roots participation in co-operative politics.

The success of the Co-operative Party, in terms of society affiliation and local organisation, was a key topic of discussion at Co-operative Party conferences throughout the 1930s, as a detailed reading of the printed conference proceedings reveals. At the 1935 Co-operative Congress, for example, a delegate from Penicuik questioned why the members of his society should affiliate to the Co-operative Party when, despite the overall strength of the co-operative movement in terms of trade and

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<sup>180</sup> Bonner, *British Co-operation*, p. 190.

<sup>181</sup> Barbara Smith & Geoffrey Ostergaard, *Constitutional Relations between the Labour and Co-operative Parties: An historical review*, (London, Hansard Society for Parliamentary Government, 1960) p. 5.



membership, there were only 19 candidates for the forthcoming General Election.<sup>182</sup> In response, Barnes outlined how 'the question of the number of candidates has nothing to do with the Party, nor the executive of the Party but rests entirely with local co-operative societies'. Furthermore Barnes added that;

'We have large and important cities such as Cardiff, Liverpool, Newcastle, Leeds, Edinburgh ... powerful societies with tens of thousands of co-operative members in their ranks, and yet those societies are not doing their job. They have not been able to create sufficient political influence in their localities to promote Co-operative candidates'.<sup>183</sup>

Barnes' message could not be clearer – he was asserting that the success of the Co-operative Party in terms of political representation was determined not only by support from local societies but also the strength of local organisation and consequently the obligation was on each local society to both subscribe to the Party and build up grass roots organisation. A similar criticism was presented at the 1937 Co-operative Congress by Mr McLaine of the London Society who claimed that 'the Party has failed to capture the imagination of the movement' stating that its performance in view of the size of the movement it represented was poor.<sup>184</sup> McLaine added that although society affiliation may provide the grand affiliated membership figures, this in effect would make Lord Beaverbrook a 'supporter' of co-operative politics as he was a member of the London Co-operative Society.<sup>185</sup> Responding to this, Mr D Morgan from Nottingham suggested that the ineffectiveness of the Co-operative Party came from within the movement as 'of the 516 societies affiliating only something like 156 have taken the trouble to form local Co-operative Parties' asking 'how can the movement expect to influence political thought if it cannot do better than that?'<sup>186</sup> In the same debate Barnes stated that there was a 'weakness in democracy' which ran right through the co-operative movement and there were many, not only in the rank and file, but in the boards of management who had not yet

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<sup>182</sup> *Co-operative Congress Report*, (1935) p. 454.

<sup>183</sup> *Co-operative Congress Report*, (1935) p. 454.

<sup>184</sup> *Co-operative Congress Report*, (1937) pp. 491-492.

<sup>185</sup> *Co-operative Congress Report*, (1937) pp. 491-492.

<sup>186</sup> *Co-operative Congress Report*, (1937) p. 494.

appreciated the impact of the post war conditions facing the co-operative movement and consequently had not realised the need for co-operative political representation.<sup>187</sup>

The emphasis on the establishment of effective Co-operative Parties as an important part of the Party's machinery was still evident in 1937 when it was stated 'if elections are to be won, success can only be achieved by the efficiency of the machinery, with which to bring the years of education and propaganda to completion'.<sup>188</sup> These debates highlight the tensions within the Co-operative Party regarding both society affiliation and grass roots organisation and illustrate the contested nature of co-operative politics even within the Party. Party members looked to the national Party to broaden the reach of the Party, whilst the national Party emphasised that it was up to local co-operative societies and their members to actively engage in co-operative politics – ironic perhaps given the supposedly 'bottom-up' nature of the co-operative movement.

A further consideration for the Co-operative Party was the question of individual membership. Affiliated membership provided the national Party with a large affiliated membership base and finance, however, individual membership was desired to strengthen grass roots participation and local finances. The need for individual membership was recognised at the Party's second conference in 1925, where in his Chairman's address Barnes described how individual membership was the basis of political organisation stating that 'in politics the centre gains its power from the circumference, not the circumference from the centre'.<sup>189</sup> In contrast the Labour Party had realised the power of harnessing individual membership in 1918 by creating Constituency Labour Parties. Yet the Co-operative Party organisation was not as sophisticated as the Labour Party's and by 1930 it was reported that many people were not aware that they could join the Party as individuals.<sup>190</sup> This arguably fuelled a drive to increase local organisation and subsequently individual membership as well.<sup>191</sup> In

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<sup>187</sup> *Co-operative Congress Report*, (1937) p. 495.

<sup>188</sup> Co-operative Party Conference, 1937, Report of National Committee p. 7.

<sup>189</sup> *Co-operative Party Conference Report*, (1925) p. 11.

<sup>190</sup> *Co-operative Party Conference Report*, (1930) p. 5.

<sup>191</sup> *Co-operative Party Conference Report*, (1930) p. 5.

the autumn of 1932 the Party led a National Campaign, seeking to expose the record of national Government, demonstrate co-operative constructive policy and moreover increase individual membership.<sup>192</sup> This campaign 'exceeded expectations' resulting in both an increase in members and demand for pamphlets and literature, with one Party enrolling over 500 new members.<sup>193</sup> The national reports of the Co-operative Party in this period do not contain accurate figures regarding individual membership, however, some indication can be gauged by the fact that in 1937, 20,000 individual membership cards were purchased by local Co-operative Parties.<sup>194</sup>

There was a strong localised dynamic to the success of the Co-operative Party determined by the creation of local Party organisation which in turn provided an avenue for individual membership. Moreover where local co-operative political organisation did develop, there was evidence of a lively and active co-operative political culture. For example the National Committee reported in 1934;

'The activities of local parties are many and varied. The opening of Co-operative Institutes as centres of political and social intercourse, organisation of political schools, debating societies, canvassing classes, public speaking courses, and numerous propaganda and educational meetings find outlets for the activities of Co-operators.'<sup>195</sup>

As a consequence of the increasing significance of local Co-operative Party organisation, the Co-operative Party constitution was amended in 1938 and gave increased recognition to local Society Parties allocating them eight seats on the National Committee of the Party.<sup>196</sup> Prior to 1938 the National Committee of the Co-operative Party was made up of eight members of the Central Board, eight members of societies contributing elected representatives on a sectional basis, one

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<sup>192</sup> Co-operative Union Minutes, National Committee of Co-operative Party, 7 September 1932. NCA.

<sup>193</sup> Co-operative Party Conference Report, (1933) p. 6, *Co-operative Congress Report*, (1933) pp. 111-113.

<sup>194</sup> *Co-operative Party Conference Report*, (1937) p. 7.

<sup>195</sup> *Co-operative Party Conference Report*, (1934) p. 10.

<sup>196</sup> Co-operative Party Conference Report, (1939) p.2. The common feature of a society party was that it was part of a local co-operative society, which provided that Party's finance and membership along the same lines as the national party. The main objectives of Society Parties were to seek direct co-operative representation both locally and nationally and carry out local propaganda and education to further policies as approved by Congress.

from the Executive Committee of the Co-operative Union, two from the CWS, one from the SCWS, one from the Co-operative Productive Federation, one from the Women's Co-operative Guild, one from the Scottish Co-operative Women's Guild, one from the National Men's Guild and two from the Joint Parliamentary Committee of the Co-operative Union. In 1938 this was changed to include representatives from local party organisation, again with eight representatives elected on a sectional basis.<sup>197</sup> In a pamphlet outlining the organisation of the Party, the National Committee is described as the Co-operative Party's board of management, in that its role was administrative and functional.<sup>198</sup> Three representatives of this Committee would attend Congress annually to present their Annual Report.<sup>199</sup> In absence of a Party leader the nominated Chairman of the National Committee acted also in many respects as a leader, for example Barnes.

Carbery suggested that the weakness of Co-operative Party organisation was not at national level but at local level.<sup>200</sup> However this was an unduly harsh critique which undermines the successes of local organisation, particularly where the hard work and dedication of grass roots activists translated into both the successful election of Co-operative MPs and local representation. Perry stated that in considering the political organisation of the Party they could not disregard the movement which they were part of, however, these existing structures did not always translate into active political support and even created organisational problems.<sup>201</sup> Both locally and nationally, the organisational structures of the Co-operative Party reflected varied levels of society affiliation and grass roots participation, local dominant political cultures and incongruent constituency boundaries. The main weakness the Co-operative Party faced from the outset was a lack of universal support for the Party from within the movement it

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<sup>197</sup> Co-operative Party, *Constitution of the Co-operative Party: As adopted at the Scarborough Co-operative Congress 1938 and amended at the Llandudno Conference*, (Co-operative Union, 1947).

<sup>198</sup> Jack Bailey, *The Co-operative Party – An outline of Organisation*, (Co-operative Party, 1944) pp. 11-12.

<sup>199</sup> *Ibid.* p. 14.

<sup>200</sup> Carbery, *Consumers*, p. 79.

<sup>201</sup> *Co-operative Party Conference Report*, (1925). p. 17.

represented. The democratic participatory nature of co-operation meant supporting the Co-operative Party was purely optional. However, a mixture of apathy and opposition to co-operative involvement in politics, combined with the geographically diverse nature of co-operation itself presented various organisational problems in the development of the Co-operative Party.

### **A Political Party without Authority?**

A 1944 pamphlet on the organisation of the Co-operative Party outlined how the Co-operative Union exercised control over it. Firstly the Union had direct representation on the National Committee of the Party, secondly the Party was subject to the guidance of the Union Executive Committee and Central Board and thirdly the Party was answerable to Congress.<sup>202</sup> Consequently what will be detailed here is how the authority of the Co-operative Party over both its organisation and policy making was limited. Decisions could be made within the Co-operative Party, but these decisions were ultimately determined by the Co-operative Union. In essence what this meant was that co-operators and co-operative societies actively opposed or indifferent to the Co-operative Party were able to influence the direction and culture of the Party. This paradox was outlined in Smith and Ostergaard's study in which they stated 'the Party's responsibility to Congress represents responsibility to a body composed of delegates with varied views on political action, including in some cases outright opposition to the idea of a Co-operative Party'.<sup>203</sup>

What implications did this level of control have on the development of the Party nationally? If the Co-operative Party were limited in the extent to which they could influence their own policy then how could they be expected to influence Labour Party policy? Could this explain why co-operative ideas of ownership were marginalised by the Labour Party? Furthermore what was the rationale for the Party being under the direction of the Co-operative Union? These questions will be returned to throughout

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<sup>202</sup> Bailey, *The Co-operative Party*, p. 14.

<sup>203</sup> Smith, *Constitutional Relations*, p. 2.

this thesis and this next section will begin to outline some of the contradictions posed by the layering of political activity within the co-operative movement.

The role of the National Committee of the Co-operative Party was largely administrative and functional, and a detailed survey of the minutes illustrates this as they were predominantly concerned with finance, candidates, local agreements and staffing.<sup>204</sup>

From the National Committee, eight members were elected to the Executive Committee, one of which was voted in as Chairman. The National Committee of the Co-operative Party until 1951 had no 'acid test' of membership – meaning that its members did not have to declare any allegiance to the aims of the Co-operative Party. Furthermore as previously outlined every section of the co-operative movement was represented on this committee and it was only in 1938 that the constitution of it was changed to allow for representatives from local Co-operative Party organisation. In 1925 Perry explained that this was because 'one has to recognise that membership of the co-operative movement, whether rightly understood or not, means an acceptance of the principle that co-operative collective effort must be substituted for private enterprise, for individualism and for private profit'.<sup>205</sup> Thus at this point it was not relevant for the Party to impose restrictions on involvement in the Party, particularly as they sought to extend their influence throughout the co-operative movement. However in 1951 a revised Party constitution required that all members of the National Committee now had to sign and agree with this statement; 'I am not a member of any political organisation which sponsors or supports Parliamentary or local government candidates in opposition to the candidates of the Co-operative Party or of any other party which it has an electoral agreement'.<sup>206</sup> Therefore although initially there was no 'acid test' of membership in 1925 by 1951 the Party had changed the conditions in which they operated, reflecting wider changes in the political culture in which they

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<sup>204</sup> Bailey, *The Co-operative Party*, pp. 11-12.

<sup>205</sup> *Co-operative Party Conference*, (1925) p. 17.

<sup>206</sup> *Constitution of the Co-operative Party*, (Co-operative Union, 1951) p. 8. In contrast to *Constitution of the Co-operative Party*, (Co-operative Union, 1938, amended 1947) p. 6.

operated – notably the changing relationship with the Labour Party - as we shall explore further in Chapter 2.

The national Co-operative Party also had paid staff including the Party Secretary and national organisers (initially four in the 1930s rising to six by 1951) who covered various areas and provided a crucial bridge between local organisation and the National Committee. Their work included encouraging the affiliation of co-operative societies in their area, the establishment of local Party organisation, local relations with the Labour Party, organising an annual Summer School and Sectional Conferences.<sup>207</sup>

A key event for the Co-operative Party was their Annual Conference, the reports of which have been a crucial source of data for this research. Co-operative Party Conference was held annually over Easter weekend and all co-operative societies, management, education, and political committees, Co-operative Parties, federations of Co-operative Parties and all national co-operative organisations were invited.<sup>208</sup>

Motions and amendments to motions could however only be submitted by affiliated organisations [to the Co-operative Party], Political Committees, Co-operative Parties, federations of Co-operative Parties and all national co-operative organisations.

Conference was managed by a Standing Orders committee (elected at the previous conference) including two representatives from the Executive Committee of the Party and three on a sectional basis.

Bailey outlined how the main business of Conference was to consider Annual Reports and Policy statements from the National Committee as well as the motions tabled by subscribing societies and Party organisations.<sup>209</sup> Voting on these was first by show of hands but if thirty delegates demanded it, a card vote had to be taken. Every co-operative distributive society affiliated to Co-operative Union had one vote and each affiliated to the Co-operative Party had another one additional vote per 1,000 members.

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<sup>207</sup> Co-operative Party, *The Organisation of the Co-operative Party*, (Co-operative Union, 1953).

<sup>208</sup> See Bailey, *The Co-operative Party*, pp. 67-70 for full details on Party Conference.

<sup>209</sup> Bailey, *The Co-operative Party*, p. 68.

Each other society or organisation affiliated to the Co-operative Party also had the same number of votes to which it would have been entitled as a distributive society on subscriptions paid. In addition each society party, federation of Co-operative Parties and Voluntary Co-operative Party had one vote.<sup>210</sup> Whilst this method of voting did not reflect the Rochdale Principle of one member one vote it was arranged on a similar basis to voting at Co-operative Congress and deemed an equitable way of voting. The changes in the 1951 constitution also affected the Co-operative Party conference. Firstly only affiliated co-operative organisations, societies and local Co-operative Party organisations were invited, and consequently had voting powers. Secondly those individuals voting at Conference on behalf of organisations were also required not to actively support any other political organisation, except for the Labour Party, or else that vote would be void.<sup>211</sup> The Co-operative Party as an organisation was therefore beginning to exert more control over those participating in their organisation by 1951, again reflecting changes in the political culture it operated in, that the alliance with the Labour Party had changed and there was a marked attempt to squeeze out the influence of the CPGB in the Party. A Co-operative Party publication outlining the changes in the 1951 Constitution stated that 'the most vital change concerns the conditions of membership – national and local. What we are seeking to ensure is that every person who joins the Co-operative Party is honestly able to advocate its policy, abide by its decisions and accepts its very reasonable discipline'.<sup>212</sup> Individual members of the Co-operative Party and anyone elected onto local or national committees as well as potential candidates now had to sign, as quoted previously to confirm they were not members of another political organisation, (except the Labour Party). It was explained that this was to keep conditions of membership equal throughout the Party.<sup>213</sup> Nevertheless, until 1951 any co-operative society could attend

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<sup>210</sup> Bailey, *The Co-operative Party*, pp. 67-70.

<sup>211</sup> Co-operative Party, *Comments upon the New Constitution*, (London, Co-operative Party, 1951) p. 3.

<sup>212</sup> *Ibid*, p. 1.

<sup>213</sup> *Ibid*, p. 3.



the Co-operative Party Conference and more significantly also had the same voting rights as a local Co-operative Party.

Ultimately however final decisions on policy or procedure could not be made at Co-operative Party conferences. The Co-operative Party held its first Party Conference in 1920, at which its limited autonomy became evident. Sam Perry addressed the delegates stating:

'I would like to make it perfectly clear that this is not a national conference of the Co-operative Movement. It is a national conference of the Co-operative Party, called to discuss policy and exchange views with the one object of helping the National Committee to put those views before Congress which is the final authority. It is perfectly true that this conference has no executive power.'<sup>214</sup>

From this statement it would appear that although Congress remained the final authority over the Co-operative Party, the Party conference still provided an opportunity for delegates to decide on policy direction and other matters. Equally Smith and Ostergaard state that although the decisions taken at Conference had no binding effect, resolutions were influential in shaping the policy of the Party.<sup>215</sup> Policy was initially proposed by the National Committee of the Party and it would be then discussed at Party Conference before finally presented to Congress for ratification. Three representatives were invited to attend Co-operative Congress each year where the Co-operative Party's annual report was presented and motions submitted by the Co-operative Party regarding its organisation and policy were discussed.<sup>216</sup> At the 1932 Party Conference it was acknowledged that a number of resolutions concerning Party Policy were adopted at Congress of 1931.<sup>217</sup> However, at the same time, it was also reported that the resolution on Agricultural Policy had been withdrawn in order that further consideration between the Party and the Agricultural Committee of the Co-operative Union may take place.<sup>218</sup> Consequently one delegate commented that he

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<sup>214</sup>Co-operative Union, *The Co-operative Party: Being a report of the First National Conference, held at Preston, on Thursday 16<sup>th</sup> September 1920*, (Manchester, 1920) p. 7.

<sup>215</sup> Smith, *Constitutional*, p. 2.

<sup>216</sup> Bailey, *The Co-operative Party*, p. 14.

<sup>217</sup> *Co-operative Party Conference Report*, (1932) p. 8.

<sup>218</sup> *Ibid*, p. 8.

felt that this policy had been taken out of the hands of the Party — 'with unity within the movement being regarded as more important than the resuscitation of agriculture'.<sup>219</sup>

This lack of authority was a recurring issue for delegates at Co-operative Party Conferences. In 1933 one delegate stated that it was 'a travesty of democracy for this Party to pass resolutions when in the ultimate the Co-operative Union has to determine whether these resolutions are going to co-operate or not'.<sup>220</sup> Similarly in 1937 a delegate argued that the party 'should be a Party and not an appendage of the Co-operative Union' and instead should be controlled and influenced by those who are interested in politics as this in turn would capture the imagination of the movement.<sup>221</sup>

This control from the Co-operative Union over the Co-operative Party extended even to the publication of Party literature. In a meeting of the Executive Committee of the Party in 1934 surprise was expressed at the decision taken by the Co-operative Union Executive Committee that all literature must be vetted by it prior to publication.<sup>222</sup> It was highlighted that this decision would create great difficulty in carrying out the work and policy of the Party, especially in by-elections and General Election campaigns.<sup>223</sup> In response to these concerns, the Co-operative Union's Executive Committee agreed to assess the material with no delay, although reiterated that final authority remained with them.<sup>224</sup>

Although a source of contention, the key figures in the Co-operative Party stressed that the primary purpose of these procedures was to ensure that the Party represented the views of the entire movement. It was argued that as the purpose of the Party was to promote and protect co-operative interests, this could only be determined democratically from within the entire movement. Jack Bailey, Chairman of the

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<sup>219</sup> *Ibid*, p. 8.

<sup>220</sup> *Co-operative Party Conference Report*, (1933) p. 11.

<sup>221</sup> *Co-operative Congress Report*, (1937) pp. 491-492.

<sup>222</sup> Co-operative Union Minutes/Co-operative Party Executive Committee, 14 June 1934. NCA.

<sup>223</sup> *Ibid*.

<sup>224</sup> Co-operative Union Minutes/Co-operative Union Executive Committee, 19 October 1934, NCA.

Co-operative Party from 1945, stressed that this direction from Congress was a strength to the Party suggesting that it added authority to the policy of the Party as it reflected the mood of millions of co-operators and their families.<sup>225</sup> This argued Bailey, meant party policy was consequently 'less susceptible to caprice and fashion than some'.<sup>226</sup>

This control over the Co-operative Party was deemed necessary by the Co-operative Union to ensure that 'co-operative policy, whether considered right or wrong, has at least been determined from within the movement and not from without'.<sup>227</sup> From this discussion two interlinked reasons emerge to suggest why this was the case. Firstly, because co-operative politics was a contentious and divisive issue, the movement needed to exert control to ensure that no external influences – particularly the Labour Party – could be seen as having a direct bearing on the Co-operative Party as this would exacerbate these further tensions. Secondly, the Co-operative Union were keen that the Co-operative Party did not just represent a politicalised minority within the movement – possibly to ensure that the business interests of the movement remained at the forefront of co-operative politics.

### **Competing or Complimentary? Other Political Bodies within the Co-operative Union.**

The complexity of the structure of the Co-operative Union meant that there were other departments within the organisation that had political functions, which potentially contributed to the levels of tension, confusion and uncertainty surrounding the role of the Party. It is crucial that the broader political functions of the movement are considered throughout this thesis to fully understand the various levels of political involvement which contribute to the analysis of the relationship with the Labour Party. This section will examine the role and function of two other departments, the Joint

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<sup>225</sup> *Co-operative Review*, (October 1946) p. 182.

<sup>226</sup> *Co-operative Review*, (October 1946) p. 182.

<sup>227</sup> Co-operative Party, *The Crisis of 1931*, p. 18.

Parliamentary Committee and the National Co-operative Authority, in relation to the Co-operative Party to illustrate how this layering of political activity affected both its policy and organisational functions.

The Joint Parliamentary Committee of the Co-operative Union was formed in 1881, in response to increasing state intervention in economic affairs, to act as a watchdog on legislation which would impact on co-operatives. The Joint Parliamentary Committee represented the Co-operation Union and also the two wholesale societies. As Cole described 'it was the function of this body to watch legislation likely to affect the movement, to keep an eye on the administrative doings of government departments, to send deputations to ministers, to parry the attacks of private traders, and generally act as the organ of the movement in dealing with the state'.<sup>228</sup>

Bailey noted how the purpose of the Co-operative Party was questioned due to the existence of the Parliamentary Committee. He emphasised that 'the Parliamentary Committee possessed no electoral machinery, did not engage in public propaganda, and was technical in its approach to problems'.<sup>229</sup> In many ways the Parliamentary Committee acted as a 'business advisory organisation', similar in many ways to the Parliamentary Committee of the Trade Union Congress.<sup>230</sup> It was the Parliamentary Committee which had advocated the need to seek direct Parliamentary representation in 1917 leading to the formation of the Co-operative Party. The two departments were each complimentary to the other. Key Co-operative Party figures, notably A.V. Alexander were also involved in the Joint Parliamentary Committee. Alexander had started off his political career following his appointment in 1920 as Secretary of the Parliamentary Committee, a position he returned to from 1931 to 1935 when he was not in Parliament.

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<sup>228</sup> Cole, *A Century*, p. 313.

<sup>229</sup> Bailey, *The Co-operative Party*, p. 16.

<sup>230</sup> *Ibid.*

The Parliamentary Committee retained a reciprocal relationship with the Co-operative Party and two representatives of the Party (including one Co-operative Party MP) sat on the Committee and two representative of the Joint Parliamentary Committee were on the National Committee of the Co-operative Party.<sup>231</sup> There is little evidence of any overlap in function or evident tensions between the two. A survey of the minutes for the Joint Parliamentary Committee for the period 1931 to 1949 illustrates the extent to which this committee was concerned with the technical aspects of legislation and how it affected the daily functioning of the co-operative movement as a business.<sup>232</sup> This remained significant even after the formation of the Co-operative Party. The pamphlet *Whitehall Ways*, published by the Co-operative Union, emphasised the crucial role played by the committee during the Second World War.<sup>233</sup> In 1949 the Co-operative Union made changes to its structure and the Joint Parliamentary Committee became a sub-committee of the newly created Central Executive of the Co-operative Union.<sup>234</sup>

The second department, and arguably the most overlapping in terms of political function, was the National Co-operative Authority. As the research for this thesis progressed it became evident that the National Co-operative Authority was deeply involved in the political aspects of co-operation. For example in 1938 it took over from the Co-operative Party in their negotiations with the Labour Party regarding a political agreement. More significantly the National Co-operative Authority as a distinct body was peculiar to the period of this thesis' focus as it only existed between 1932 and 1949.

The National Co-operative Authority was created in response to a recommendation of the Special Committee of Enquiry on the Future Government of the Co-operative Union. This Special Committee had been set up at the 1930 Co-operative Congress to inquire into the functions of the special committees and elected boards of the

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<sup>231</sup> Bailey, *An Outline of Organisation*, p. 16.

<sup>232</sup> Co-operative Union Minutes/ Joint Parliamentary Committee/ NCA

<sup>233</sup> C. W. Fulker, *Whitehall Ways: the wartime work of the Joint Parliamentary Committee*, (Co-operative Union, 1941).

<sup>234</sup> Co-operative Union Minutes/ Central Executive, 17 June 1949.

Co-operative Union. Their report, presented to Congress in 1932, alludes to the changing role of the co-operative movement in wider society. It distinguished between 'domestic work' carried out within the movement such as the organisation and administration of the Co-operative Union and 'national' work, which dealt with the movement within the wider public sphere and the movement's policy on issues beyond their immediate domestic concerns. This report acknowledges the expansion of the co-operative movement as both a social movement and a business, but also emphasised the growing need for the movement to respond to wider changes in society. It firstly recommended that the United Board of the Co-operative Union was replaced by an Executive Committee which would oversee the 'administration, finance and general work' of the Co-operative Union. Secondly it recommended that a National Co-operative Authority be created to make 'authoritative pronouncements' reflecting the joint opinions of all national co-operative organisations.<sup>235</sup> The report indicated that this new body was necessary for the movement to speak with one voice on questions of national policy and public issues, and this is where its functions overlapped with the Co-operative Party.

The National Co-operative Authority was empowered to make decisions on co-operative policy between Congresses, subject to a two thirds majority agreement.<sup>236</sup> That Co-operative Congress took all major decisions for the movement but only met annually was highlighted as an ongoing issue within the Co-operative Union. Although the report accepted that decision making through Congress provided for a democratic participatory process, and was therefore an integral aspect of co-operation, it also pointed to the problems this created for the movement. For example the main problem this caused for the Co-operative Party was its inability to make definite pronouncements on political issues which arose between Congresses.<sup>237</sup>

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<sup>235</sup> *Co-operative Congress Report*, (1932) – Appendix: Report of the Special Committee of Enquiry on the Future Government of the Co-operative Union.

<sup>236</sup> *Co-operative Congress Report*, (1932) p. 431.

<sup>237</sup> *Co-operative Party Conference Report*, 1920, p. 15.

The report of the Special Committee exemplified both the complexity of the organisational structure of the Co-operative Union and the challenges to the movement in making unified statements. However, there was some opposition to this proposal, particularly from the co-operative wholesale societies which questioned its necessity. Mr Sutton of the CWS stated that 'the Parliamentary Committee as at present constituted is able to do the work of this new authority provided Congress allows it to do so'.<sup>238</sup> Nevertheless, the recommendations of the report were taken on board by Congress and a resolution was passed creating the National Co-operative Authority. The new authority was comprised of the Executive Committee of the Co-operative Union, four representatives from the CWS, two from the SCWS, two from the Co-operative Party, one from the Co-operative Press and one from the Co-operative Productive Federation.<sup>239</sup>

The minutes of the National Co-operative Authority are contained within the records of the Co-operative Union. As the Special Committee Report outlined, the National Co-operative Authority had been formed specifically to deal with the outward, policy aspects the co-operative movement faced in a society where the state, economy and business were becoming increasingly intertwined. In contrast, the Co-operative Party was viewed within this report as an administrative department of the Co-operative Union. However, the very nature of the Co-operative Party placed it at the forefront of politics and suggested the need for it to develop policy statements. Juxtaposed to this, although the National Co-operative Authority was not explicitly a political body, its responsibility to make decisions on the national policy of the co-operative movement subsequently affected the policy of the Co-operative Party.

This duality in function and purpose was evident from its conception as in 1932 the National Co-operative Authority not the Co-operative Party headed the campaign against the government's proposals to implement income tax on co-operative societies.

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<sup>238</sup> *Co-operative Congress Report*, (1932) p. 451

<sup>239</sup> Bailey, *The Co-operative Party*, p. 17.

In 1935 the Co-operative Party was put in charge of the public platform in a campaign against the government and was responsible for organising centralised demonstrations and encouraging each society to organise supplementary activity in their area.<sup>240</sup> Yet overall it was the National Co-operative Authority which took the lead role in determining the content of the campaign against the tax issue.

A crucial difference which emerges between the National Co-operative Authority and the Co-operative Party was that the former had more authority than the Co-operative Party and could make decisions in private without consulting the wider representatives of the movement through Congress. Part of the justification for the creation of the National Co-operative Authority was that the time lapse between Congresses created difficulty in taking decisions which needed to be acted upon quickly regarding the policy of the movement more generally. Yet for the Authority to make decisions without recourse to Congress, in many ways made it inherently undemocratic and inimical to co-operative principles of democratic member control. In contrast the Co-operative Party was responsible to the Co-operative Union and its members, thus was denied policy making machinery, posing a contradiction in this relationship.

The National Co-operative Authority was relatively short lived as a distinct body and in the 1949 reorganisation of the structure of the Co-operative Union its functions were merged into the newly created Central Executive.<sup>241</sup> The Central Executive had a broader remit than that of the National Co-operative Authority but in principle there remained the same relationship with the Co-operative Party, as for example in 1949 it created a Policy Committee to discuss policy with the Labour Party. This continued the work of the Authority and contained two representatives from the Co-operative Party.<sup>242</sup>

## Conclusions

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<sup>240</sup> *Co-operative Congress Report*, (1935) p. 451.

<sup>241</sup> Co-operative Union Minutes/ Central Executive, 17 June 1949.

<sup>242</sup> *Ibid.*



Carbery could not have been more accurate in claiming that 'the fate of the Co-operative Party is more than interwoven with that of the co-operative movement – it depends on it'.<sup>243</sup> This chapter has demonstrated how the Co-operative Party was constituted within the Co-operative Union and the effect this had upon the grass roots development of the Co-operative Party, its ability to determine its policy and how the layering of political activity within the movement obscured its role and function. What is evident is that the Co-operative Party only represented one aspect of a wider co-operative political identity. Although for reasons outlined in the introductory chapter the focal point of this thesis is the Co-operative Party, from this chapter it is evident that it is crucial to understand the organisational framework and political culture in which the Party operated. Co-operative involvement in party politics was a contested issue within the co-operative movement and one which affected the development of the Co-operative Party.

This chapter has illustrated how diverse geographical support for the Party, which required firstly affiliation and secondly grass roots organisation from local co-operative societies to succeed, shaped its political culture. Democratic participation and local society autonomy meant that the Co-operative Union could not impose co-operative politics on local societies and consequently support for the Co-operative Party was not universal within the movement. Society affiliation did continue to rise – by 1951 nine million out of eleven million co-operators were affiliated through their society to the Party.<sup>244</sup> However, the development of local organisation varied in success and despite drives by the national leadership to increase local Party organisation throughout the 1930s and Second World War, by 1946 it was reported that although 82% of the Co-operative Union's societies were now affiliated to the Co-operative Party, 50% had yet to create local organisation.<sup>245</sup> Grass roots participation was affected by both the

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<sup>243</sup> Carbery, *Consumers*, p. 83.

<sup>244</sup> *Co-operative Congress Report*, (1952) p. 243.

<sup>245</sup> *Co-operative Congress Report*, (1946). The organisation of the Co-operative Party was discussed as part of a larger Re-organisation Enquiry into the entire movement.

existing co-operative political culture of an area and the existing labour culture – and more often than not these were closely interlinked and hard to separate.

The Co-operative Party as a department of the Co-operative Union was subject to Co-operative Congress. Furthermore, up to 1951 the organisation of the Party meant that it was possible for an opponent of co-operative political action to get elected to the Party's national committee, and both attend and vote at Co-operative Party conference. This reflected the open membership aspect of co-operation, which was inclusive of all and based on the Rochdale Principle of 'political and religious neutrality'. Arguably it also possibly reflected a desire by the Party to be fully inclusive to encourage participation from those mainly apathetic towards political involvement. Yet the membership conditions imposed in 1951 indicate that there were significant changes in the political culture of the Co-operative Party, and this changing nature of co-operative politics is a recurrent theme throughout this thesis. The Co-operative Party was an extension of the movement, but as the 1951 changes indicate the continued growth of it as an organisation, alongside the changing political relationship it had with the Labour Party, which will be discussed in the following chapter, necessitated some boundaries being imposed.

What this chapter has illustrated is that the symbiotic relationship between the Co-operative Union and the Co-operative Party had significant implications on the functions of the Party. This was further compounded by the layering of political activity within the movement, most significantly the role of the National Co-operative Authority. Both the co-operative movement and the Co-operative Party were keen to stress that keeping authority within the wider movement meant that the Co-operative Party remained true to its co-operative principles. As a department of the Co-operative Union, the essential purpose of the Co-operative Party was to gain both local and Parliamentary representation for the co-operative movement. Thus in this respect the work of the Party was largely administrative and functional, facilitating a platform for political engagement and relationship with the Labour Party. Yet the Co-operative Party

also needed to engage in wider ideological and policy debates – although clarifying its position on many political issues would prove challenging due to these constitutional limitations.

Therefore, what was then the role of the Co-operative Party? It can be argued that on the surface the Co-operative Party initially provided a democratic front for co-operative involvement in politics, and more significantly a relationship with the Labour Party. The contested nature of political involvement, particularly in the first decade of the Party meant it would have been impossible for the Co-operative Union to directly field political candidates, especially in conjunction with the Labour Party. However the creation of the National Co-operative Authority in 1932 signalled a shift in direction for the Co-operative Union in regard to political involvement. Thus the role of the National Co-operative Authority was both complimentary to and at times competing with the Co-operative Party, which despite being the 'political expression' of the co-operative movement ultimately had little influence over determining its politics.

## CHAPTER 2: 'AN INNER CONTRADICTION'? THE NATIONAL RELATIONSHIP BETWEEN THE CO-OPERATIVE PARTY AND THE LABOUR PARTY, 1927-1946.

'The history of Co-op Labour relations is that of almost calculated vagueness, uncertainty and instability built upon a fairly secure base of joint recognition of each other's claims. That they be allied is seldom held in doubt: as to the nature of the alliance, on this there is seldom long term agreement.'<sup>246</sup>

Whilst the symbiotic link between the Co-operative Party and the co-operative movement undoubtedly provided a major influence over the course of the Party's history, its relationship with the Labour Party was an equally critical influence on its development, organisation, culture and progress. As the above quote by Carbery indicates, the practical relationship between the Co-operative Party and the Labour Party was constantly changing and contested, yet underlying this was an acceptance that they would work together. The electoral alliance between the Co-operative Party and the Labour Party was formalised by the Cheltenham Agreement of 1927 in which both parties agreed to work together in certain constituencies. Although the formal link with the Co-operative Union has now ceased the Co-operative Party still operates an electoral alliance with the Labour Party, fielding both national and local candidates under the joint banner of Labour-Co-operative.<sup>247</sup> The longevity of this alliance is testament to Carbery's quote, as almost 90 years later the basic principle of the electoral alliance remains in operation.

Throughout this alliance the Co-operative Party has retained its identity as a separate political Party and has always remained unaffiliated from the Labour Party nationally. This creates a unique situation for the Labour Party whereby they maintained an electoral alliance with another political party, despite that Party not affiliating nationally to the Labour Party. Rhodes detailed the organisational tensions between the Labour

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<sup>246</sup> Carbery, *Consumers*, pp. 119-120.

<sup>247</sup> Co-operative Party, *Party Support Handbook*, Section G, National Agreement between the Labour Party and the Co-operative Party (2003). <http://party.coop/the-rule-book/> accessed 20 May 2014.

Party and the co-operative movement and Co-operative Party in a paper published by the Co-operative College in 1962.<sup>248</sup> In this paper Rhodes' describes the situation in which locally the Co-operative Party was dependent upon the Labour Party for parliamentary representation, yet nationally, it remained unaffiliated and independent from the Labour Party as an 'inner contradiction'.<sup>249</sup>

This chapter will explore the unique nature of this alliance in the context of the history of the Labour Party and consider what challenges this 'inner contradiction' presented to both organisations. It will examine why the Co-operative Party developed an electoral relationship of this nature with the Labour Party and moreover what committed both parties to maintaining this alliance despite challenges which emerged. In doing so this chapter will demonstrate that the relationship with the Co-operative Party was of greater concern to the Labour Party than has previously been recognised. This will contribute to Labour Party historians' understanding of the myriad of organisational influences on the Labour Party and challenges that they faced in attempting to creating a unified party encompassing a range of working class organisations.

As the introductory chapter has indicated, the relationship between the Co-operative Party and the Labour Party has been both neglected and misunderstood by historians. Labour historians in particular have tended to gloss over the finer details, suggesting that both Parties became closely integrated following the 1927 agreement.<sup>250</sup> Recently Manton observed that the 'confused' relationship between the Labour Party and the Co-operative Party had yet to be properly examined, yet his analysis was not focused on the organisational and structural aspects of the alliance.<sup>251</sup> Worley, Robertson and others have acknowledged the contribution that the co-operative movement made locally to the development of the Labour Party. For example, Worley points out that although in Kettering and West Ham the co-operative societies formed an important

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<sup>248</sup> G. W. Rhodes, *Co-operative-Labour relations*, (Co-operative College Paper, Co-operative Union, Loughborough, 1962).

<sup>249</sup> Rhodes, *Co-operative-Labour relations*, p. 60.

<sup>250</sup> Pelling, *A Short History of the Labour Party*, p. 47 & Pugh, *Speak for Britain*, p. 145.

<sup>251</sup> Manton, 'The Labour Party', p. 756.

part of the Labour movement and added to Labour Party success, in other places co-operative hostility to formal political activity prevented effective collaboration with the Labour Party.<sup>252</sup> Yet despite this emerging interest into the local political culture and organisation there has been little addressing of how these diverse local experiences could be reconciled at a national level between the Co-operative Party and the Labour Party.<sup>253</sup>

Tensions in the national relationship between the Co-operative Party and the Labour Party and the effect these had on the Labour Party have been addressed by Redvaldsen. In a recent comparative study of the British and Norwegian Labour Parties, he acknowledged that 'real tensions' existed between the British Labour Party and the co-operative movement which cost the Labour Party both time and effort to repair.<sup>254</sup> Redvaldsen argues that although local co-operative societies were generally supportive of Labour candidates irrespective of whether they were sponsored by the Co-operative Party, if the alliance with the Co-operative Party had ceased this could have compromised the electioneering of Labour in areas where the Co-operative Party had a strong presence.<sup>255</sup> Elsewhere Redvaldsen has argued that the Labour Party attached a level of import to the political relationship between the Labour Party and the co-operative movement in his analysis of the 1929 General election, suggesting that a movement comprising six million members could not be ignored.<sup>256</sup> Redvaldsen's initial observations here provide a new perspective on the organisational relationship between the Co-operative Party and the Labour Party, suggesting that at certain points in the history of the Labour Party the alliance with the Co-operative Party had consequences for the organisational development and electoral success of the Labour

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<sup>252</sup> Worley, *Labour inside the gate*, p. 44. As illustrated in Chapter 1 the spread of the Co-operative Party was not uniform.

<sup>253</sup> With the exception of Robertson, *The Co-operative Movement*, pp. 155-180.

<sup>254</sup> David Redvaldsen, *The Labour Party in Britain and Norway: Elections and the Pursuit of Power Between the Wars*, (London, IB Taurus, 2011) pp. 140-141.

<sup>255</sup> Redvaldsen, *The Labour Party*, pp. 140-141.

<sup>256</sup> In David Redvaldsen, 'Today is the Dawn': The Labour Party and the 1929 General Election', *Parliamentary History*, 29; 3 (2010) pp. 395-415 the 1927 Agreement with the Labour Party was cited as an important factor in the 1928 election.

Party. This chapter will build on Redvaldsen's observations, considering how the Labour Party's approach to this alliance changed over time.

Carbery argued that too much time was spent by the Co-operative Party deliberating organisational issues, particularly in the period 1931 to 1945, which he believed inhibited important policy discussion.<sup>257</sup> However, this chapter will propose a more nuanced approach to the contested nature of the alliance between the Labour Party and the Co-operative Party arguing that a number of factors contributed to the changing nature of the alliance. This chapter will illustrate that the relationship did not operate in a vacuum and evolved in response to a multitude of changing circumstances, including the individual development of both Parties. It will address the issue of why the Co-operative Party did not affiliate nationally to the Labour Party, building on the conclusions of chapter one which illustrated how the Co-operative Party fell under the tight authority of the Co-operative Union. Therefore this chapter will argue that the organisational tensions which dominated the relationship during the period 1931 to 1946 were symptomatic of underlying differences in the ideology between the Labour Party and the Co-operative Party.

This chapter will extend the chronological remit of this thesis to include the formation of the Co-operative Party in order to facilitate an analysis of the Cheltenham Agreement of 1927 and the reasons why this agreement was reached. Secondly, this chapter will focus on the period 1932 to 1938 in which a series of organisational challenges beset the relationship. Using previously unexplored archival material, this chapter will detail how organisational issues, such as the financing of and selection of candidates locally, arose between the Co-operative Party and the Labour Party in this period and explain why they occurred. This will highlight a hitherto unappreciated level of commitment from both the Labour Party and the Co-operative Party to maintaining their alliance.<sup>258</sup>

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<sup>257</sup> Carbery, *Consumers*, pp. 48-49.

<sup>258</sup> Joint Committee of Labour Party and Co-operative Party, (1925-39) Labour History Archive and Study centre/ Labour Party Archive/ Uncatalogued.

Lastly, this chapter will focus on the Agreement of 1946, detailing why a new agreement was needed. The major differences between the 1927 and 1946 agreements will be identified to highlight what they demonstrate about the development of both political parties from 1927, and the broader context of their political relationship.

### **The Cheltenham Agreement 1927**

At the 1927 Co-operative Congress held at Cheltenham, an agreement between the Co-operative Party and the Labour Party was ratified by delegates. At a national level, this agreement provided for the establishment of a joint sub-committee representative of both executives, an exchange of minutes of both national executives and that joint campaigns be undertaken on special subjects during elections.<sup>259</sup> Locally, it provided for affiliation between local Co-operative Parties or Councils and Divisional Labour Parties which would give them similar rights and responsibilities as other affiliated organisations.<sup>260</sup> Crucially, however, this agreement was only optional and it stated that it was 'not intended to interfere with existing arrangements' where co-operative societies are already affiliated or an arrangement has been established'.<sup>261</sup>

The Joint Committee of the Executive Committees of the Co-operative Party and Labour Party, started to meet in 1925, and it was this Joint Committee which drafted the terms of the Cheltenham Agreement.<sup>262</sup> The agreement took account of existing local practices and provided national recognition of the, previously unofficial, understanding that the Co-operative Party and the Labour Party would work together where appropriate and not contest against each other in elections. Its optional non-binding nature was to allow for both these existing practices and new alliances at local level. Although this agreement was actively sought by the Co-operative Party, their relationship with the Co-operative Union meant that this agreement needed to be ratified by Co-operative Congress, highlighting as chapter one outlined the lack of

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<sup>259</sup> *Co-operative Congress Report*, (1927) p. 94. The defined powers of the joint sub-committee would be subject to the confirmation of the two national executives.

<sup>260</sup> *Co-operative Congress Report*, (1927) p. 94.

<sup>261</sup> *Ibid.*

<sup>262</sup> The Joint Committee of Labour Party and Co-operative Party (LHASC/LPA) start from 1925.



authority the Party had over its own organisation and policy development. Although delegates at the Cheltenham Congress of 1927 voted in favour of this agreement, this was only by a narrow majority of 17, indicating the deep divide within the wider co-operative movement regarding a formal alliance with the Labour Party.<sup>263</sup> As chapter one illustrated, the Co-operative Party during the 1920s was not supported wholly from within the movement and the developing alliance with the Labour Party was one source of contention regarding co-operative political activity. In contrast, the Labour Party approved this agreement at their annual Conference in 1927 without disagreement or discussion, signalling at this stage a level of indifference to the implications of this agreement, or perhaps a wider indifference to the Co-operative Party as a political organisation.<sup>264</sup>

The shared ideological roots from which both the Co-operative Party and the Labour Party had emerged, in addition to an overlap in their 'rank and file membership' contributed to the local level alliances which necessitated this formal agreement.<sup>265</sup> For example, a Co-operative Union education department lesson suggested that with so much in common it 'was inevitable that the parties had close relationships with each other'.<sup>266</sup> This mutual ground was emphasised by Alf Barnes at the debate on the proposed agreement at the Cheltenham Congress, in which he stated that the Labour Party was the only Party in Parliament which stood for the same principle which underpinned the co-operative movement; 'common ownership of the things essential to life'.<sup>267</sup> To a certain extent, therefore, the two Parties had a common political message stemming from their shared heritage which bound them together, and this still exists today.<sup>268</sup>

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<sup>263</sup> *Co-operative Congress Report*, (1927) p. 433.

<sup>264</sup> Rhodes, *Co-operative-Labour Relations*, p. 31.

<sup>265</sup> Smith, *Constitutional Relations*, p. 4.

<sup>266</sup> Lesson notes on the history of the Co-operative Party, Lesson IX - Relations with the Labour Party, p. 2. NCA/CPY/9/1/3/2.

<sup>267</sup> *Co-operative Congress Report*, (1927) p. 433.

<sup>268</sup> The Co-operative Party official website states that 'Our relationship with Labour recognises our shared commitment to social justice as well as the common historical roots of the labour and

These common political aims and overlap in potential membership arguably resulted in a level of electoral pragmatism for the Co-operative Party. The primary aim of the Co-operative Party was to gain parliamentary representation and the Labour Party, with organisation in each constituency from 1918, provided an avenue for this. As chapter one has demonstrated although a number of co-operative societies affiliated nationally to the Co-operative Party, creating party machinery to facilitate the fielding of candidates was another matter entirely. The co-operative movement had a strong basis of organisation through local co-operative societies but this did not equate to the political machinery needed to contest elections as this organisation was predominantly focused on the operation of that particular society's business interests. Moreover society boundaries did not marry with constituency boundaries. As Cole stated, although the co-operative movement's 'decision to embark on political action was unequivocal, the methods to be followed were by no way clearly defined' suggesting that there was no organisational blueprint behind the 1917 decision.<sup>269</sup>

By contrast, the Labour Party's new constitution in 1918 established a Constituency Labour Party in every constituency in an attempt to create a national political organisation. Thus where local relationships between co-operative societies and aspects of the labour movement existed, constituency Labour Party machinery was a useful way to promote co-operative sponsored Labour candidates in the absence of co-operative political machinery. Moreover the benefits of working together became all the more apparent after the Paisley election of 1923. At this election tensions between the local Co-operative Party and the local Labour Party meant that both fielded candidates which in effect split the working class vote and resulted in a Liberal victory.<sup>270</sup> This evidenced that there was not, as Cole argued, room for two parties

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co-operative movements'. <http://party.coop/frequently-asked-questions/> Accessed 20 May 2014. The reasons for this alliance in essence have not altered in almost a century.

<sup>269</sup> Cole, *A Century of Co-operation*, p. 315.

<sup>270</sup> Carbery, *Consumers*, p. 31. Carbery outlines how at the 1922 General Election the Co-operative candidate, J. M. Biggar had come within 316 votes of unseating Henry Asquith, Leader of the Liberal Party but at the following election the inclusion of a Labour candidate split the working class vote. This point was proved in 1924 when in the absence of a Co-operative candidate the following year the Labour candidate defeated Asquith.

based predominantly on the working classes after the 1918 change in the Labour Party constitution.<sup>271</sup> Before 1918, the Labour Party was according to Worley 'a permanent, significant but inconsistent feature of British politics'.<sup>272</sup> It was not a unified national political party but an association of trade union and socialist organisations. However, the 1918 Constitution created a uniform Party in which all groups, including the trade unions, had as their object 'the creation of a socialist commonwealth'. By creating organisation in each constituency the Labour Party enabled both organisational and individual membership, making access to the party more universal. Thus the development and progress of the Co-operative Party, created in 1917, representing one aspect of the working classes was shaped by this significant change in the constitution and organisation of the Labour Party.

The local links between the Co-operative Party and the Labour Party were evident in the election of the first Co-operative MP, A. E. Waterson in Kettering in 1918. Waterson was a 'Co-operative' candidate but was also heavily reliant on the support of the local Labour Party and upon entering Parliament took the Labour whip.<sup>273</sup> Therefore although local alliances predated the national electoral alliance between the Labour Party and the Co-operative Party, these also had implications nationally as Waterson was an identifiable member of the Parliamentary Labour Party. Sheffield provides another, previously unexamined, example of a city where early local Co-operative Party development created instinctive bonds with local Labour Party organisation. The Sheffield Co-operative Party held their inaugural meeting on the 5<sup>th</sup> January 1918, where it was resolved that they contest one constituency and proposed to contest six municipal wards following discussions with the Trades Council.<sup>274</sup> These minutes further depict a level of bargaining between the two over which local seats would be

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<sup>271</sup> Cole, *A Century*, pp.317-318.

<sup>272</sup> Worley, 'Fruits on the Tree', p. 194.

<sup>273</sup> Carbery, *Consumers*, p. 26. Carbery also adds that Waterson was not the first choice co-operative candidate but initially a Labour candidate which he adds created a 'confusion of identity'.

<sup>274</sup> Minutes of the Brightside and Carbrook Political Council, 5 January 1918, SA/CPR/1 (the Sheffield Co-operative Party was initially known as the Brightside and Carbrook Political Council).

contested by whom, which was complicated by the fact that some candidates featured on both the Labour and Co-operative lists of candidates, such as Mrs Barton, further signifying the shared political space in which they operated.<sup>275</sup> It was resolved that the Trades and Labour Council would withdraw from the Hillsborough ward, to allow co-operators to contest it, who in return would guarantee to support all Labour candidates who are co-operators.<sup>276</sup> There was an element of mutual benefit in this agreement between the two organisations.

The following week Perry, secretary of the national Co-operative Party, addressed a meeting with a deputation from the Trades and Labour Council where an amicable agreement was reached for the Sheffield Co-operative Party council to contest the Hillsborough parliamentary constituency in the upcoming by-election.<sup>277</sup> At this meeting Perry advised that they 'be very careful in selecting a candidate who would rally the support of the Trades Union and Labour Movement as well as the Co-operative people'.<sup>278</sup> Sheffield Hillsborough was a new parliamentary constituency in 1918 and although Arthur Lockwood contested this seat as a Co-operative Party candidate with the support of local Labour Party organisation, the National Liberal candidate was elected. However by 1922 the situation was very different, and the Sheffield Hillsborough seat, along with the Sheffield Attercliffe and Sheffield Brightside seats were successfully contested for the first time by Labour Party candidates.<sup>279</sup> A.V. Alexander standing as a Co-operative-Labour candidate defeated the Liberal candidate in Hillsborough which would become one of the Labour Party's strongholds. By working together, the Co-operative Party and the Labour Party in Sheffield Hillsborough avoided splitting the working class vote and through Alexander's successful election

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<sup>275</sup> Minutes of the Brightside and Carbrook Political Council, 10 February 1918, SA/CPR/1.

<sup>276</sup> Minutes of the Brightside and Carbrook Political Council, 10 February 1918, SA/CPR/1.

<sup>277</sup> Arthur Lockwood contested and was unsuccessful. This was a new Parliamentary borough. Lockwood was defeated by a National Liberal candidate.

<sup>278</sup> Minutes of the Brightside and Carbrook Political Council Executive Committee, 18 February 1918, SA/CPR/1.

<sup>279</sup> Howell, *MacDonald's Party*, p. 310. Howell here emphasises that none of these candidates came from within the Trade Union movement indicating that the development of the Labour Party into new areas was supported by other influences, the co-operative movement being one of these.

demonstrated what could be achieved from working together. The example of Sheffield illustrates the importance of local political cultures: from the outset the Sheffield Co-operative Party was shaped by its relationship with the Sheffield Trades and Labour Council, but equally the development of constituency Labour Party organisation in Sheffield was influenced by the growth of the Co-operative Party there.

Whilst these local practices informed national concerns, there was also a commitment nationally to brokering some form of agreement with the Labour Party. This was evident at the first National Conference of the Co-operative Party in 1920 where Sam Perry and Alfred Barnes both made clear their desire to develop relations with the Labour Party. Barnes outlined that if he had thought the intention was to develop a Co-operative Party antagonistic to the larger labour movement then he would not have become involved.<sup>280</sup> This was unsurprising given Barnes' trade union, ILP and co-operative background; he had first joined the ILP and Stratford Co-operative Society in 1908 and rose through the ranks of both organisations, by 1914 he was secretary of the East London Federation of the ILP and by 1915 president of the Stratford Co-operative Society.<sup>281</sup> In addition he was a council member of the National Union of Gold, Silver and Allied Trades.<sup>282</sup> As Bagwell states in his biography of Barnes, he came from a background in which 'he sought to improve the living conditions of the people of the East End of London through co-operation and political action'.<sup>283</sup> Yet although Barnes was not against working with the Labour Party, he and Perry both stressed their commitment to building up the Co-operative Party as a separate organisation, 'so that co-operators can translate co-operative ideas into achievements through political machinery'.<sup>284</sup> Barnes and Perry remained in their positions till 1945

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<sup>280</sup> Co-operative Union, *Report of the First National Conference of the Co-operative Party*, (1920).

<sup>281</sup> Philip S. Bagwell, 'Barnes, Alfred John (1887–1974)', in *Oxford Dictionary of National Biography*, (Oxford University Press, 2004; online edn, Jan 2011) [<http://www.oxforddnb.com/view/article/30791>, accessed 13 June 2012].

<sup>282</sup> *Ibid.*

<sup>283</sup> *Ibid.*

<sup>284</sup> Co-operative Union, *Report of the First National Conference of the Co-operative Party*, (1920) p. 10.

and 1943 respectively, and in the absence of an official leader for the Co-operative Party had a significant influence on the direction of the Party as is evident throughout this thesis. However, beyond the official party line, there were a range of opinions on the relationship with the Labour Party, with one delegate stating that an alliance would be disastrous for both trade and membership.<sup>285</sup>

Initially the Co-operative Party had sought an agreement with the Labour Party on equal terms, suggesting they worked together to form a United Democratic or People's Party.<sup>286</sup> In 1921 the Co-operative Party submitted a resolution to Co-operative Congress calling for an alliance with the Labour Party which was defeated. This Carbery argues was the last chance the Co-operative Party had in securing an equal electoral agreement between the two Parties due to their subsequent incongruous development.<sup>287</sup> The formation of the first Labour Government in 1923 propelled the Labour Party beyond the infant status of the Co-operative Party and changed the political dynamic between the parties. In addition the inclusion of co-operators into the Labour government added to this emerging contradiction in loyalties between Co-operative and Labour. A. V. Alexander, Co-operative-Labour MP for Sheffield was appointed as Parliamentary Secretary to the Board of Trade in the 1924, a significant position from a co-operative business perspective.<sup>288</sup> Alf Barnes, Co-operative-Labour MP for East Ham and R. C. Morrison, Co-operative-Labour MP for Tottenham North were also made Parliamentary Private Secretaries.<sup>289</sup>

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<sup>285</sup> A letter was read from the Bruton Co-operative Society in Somerset with the following resolution, 'The Society unanimously protests against any alliance with the Labour Party, as such an alliance would have a disastrous effect on trade and membership', p. 5.

<sup>286</sup> Lesson notes on the history of the Co-operative Party, Lesson IX - Relations with the Labour Party, p. 2. CPY/9/1/3/2:

<sup>287</sup> Carbery, *Consumers*, p. 28.

<sup>288</sup> In the collection of A. V. Alexander there are numerous letters congratulating him on this appointment.

<sup>289</sup> Carbery, *Consumers*, p. 31. Carbery notes here that before they could take up their appointments they first needed approval from the Co-operative Union, again signalling the level of authority the Co-operative Union operated over the Co-operative Party and its representatives.

Consequently at the Co-operative Party conference in 1925 there was a lengthy debate on the organisation of the Party, in particular its relationship with the Labour Party. Mr Mills from Kings Norton explained that regardless of how much time and effort was spent organising in a constituency it was of little consequence if the Labour Party comes along and takes the seat because there is no agreement in place.<sup>290</sup> Mr H. B. Guthrie from Glasgow reiterated these sentiments stating; 'we go into a constituency which we believe we can win by co-operative hard work. We pay the piper, then in steps the Labour Party and takes all over'.<sup>291</sup> There was therefore a practical need demonstrated for a national agreement to both reflect existing practices and enable new local alliances by providing a framework for collaboration. As a result of this discussion, the National Joint Committee of the Labour Party and Co-operative Party was created which facilitated the drafting of the Cheltenham Agreement.

The Cheltenham Agreement of 1927 was a response to existing arrangements between local Co-operative Party and local Labour Party organisation and was actively pursued by the Co-operative Party leadership to provide a framework for future local alliances as the Co-operative Party continued to expand. The significance of the Cheltenham Agreement should not be underestimated as it fundamentally changed the political dynamic between the Labour Party, the Co-operative Party and the wider co-operative movement. This agreement nationally endorsed the unique yet contradictory position whereby the Co-operative Party would field candidates in alliance with the Labour Party, yet continue to function as an independent political organisation. That the alliance remains in place today is testimony to this point.

### **Organisational Tensions During the 1930s**

The Cheltenham Agreement initially met with a positive reception and at the 1929 Co-operative Party conference, the National Committee reported the Cheltenham

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<sup>290</sup> Co-operative Union, *The Co-operative Party: Its Organisation and Policy – A report of the Party's second National Conference, held in Manchester, on Saturday, 31st January, 1925*, p. 30.

<sup>291</sup> *Co-operative Party Conference Report*, (1925) p. 32.

Agreement was working well, particularly in local areas where it was described as having an immediate practical benefit.<sup>292</sup> The National Committee stated how they appreciated the 'spirit and desire' from local parties in carrying out this agreement. It added that the National Committee were 'firmly convinced that the agreement lays the foundation of a united workers' movement, and will materially help in our task of safeguarding the interests of co-operation and achieving the ideal of a Co-operative Commonwealth'.<sup>293</sup> However, in just over a decade the terms of the 1927 Cheltenham Agreement were in effect redundant, and the Co-operative Party and the Labour Party were seeking to reach a new agreement.<sup>294</sup>

This section will look at the factors behind this and firstly will focus on the discussions regarding organisation between the Co-operative Party and the Labour Party at a national level during the 1930s. Whilst historians have addressed the implications of the ILP's split from the Labour Party in 1932, the organisational challenges which dominated the relationship between the Labour Party and the Co-operative Party are rarely mentioned outside co-operative histories.<sup>295</sup> In addressing the key points of conflict which divided the two parties organisationally during the 1930s this section will provide new insights for historians of the Labour Party into a previously unexplored organisational dynamic and will unpack wider themes underpinning the culture and nature of the relationship.

The architects of the Cheltenham Agreement could not anticipate how the future development of each Party would affect the alliance. Although the agreement was a significant marker in the alliance between the Co-operative Party and the Labour Party, ultimately the voluntary and flexible nature of the agreement would prove problematic. Changes in the size, structure and internal culture of both the Co-operative Party and

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<sup>292</sup> *Co-operative Party Conference Report*, (1929) p. 6.

<sup>293</sup> *Co-operative Party Conference Report*, (1929) p. 6.

<sup>294</sup> Rhodes cites how in 1938 the Co-operative Party had decided a new agreement was needed, see Rhodes, *Co-operative-Labour Relations*, p. 56.

<sup>295</sup> See Cohen, *The Failure of a Dream* and Laybourn, 'The ILP and the Second Labour Government'.



the Labour Party throughout the 1930s created friction and exacerbated existing organisational tensions. During the 1930s the Co-operative Party was enjoying a level of success and acceptance within the wider co-operative movement. In 1931, a pamphlet described how co-operators were beginning to develop a faith and belief in the future of the Co-operative Party and looked to it as an instrument through which their political ambitions could be achieved.<sup>296</sup> To this end, majority support from the membership of the Co-operative Union was achieved in 1931 and this affiliated membership continued to rise throughout the 1930s. Furthermore as chapter one has shown, the defensive role assumed by the Co-operative Party was bolstered by increasing support in 1933 as a result of the taxation of co-operative profits. Additionally, there was a marked effort to mobilise local Party organisation and increase individual membership throughout the decade and a discernible attempt from the Party to propagate a political programme as demonstrated by the publication of the *Britain Reborn* pamphlet series in 1931.<sup>297</sup> Although in terms of electoral success there was only one Co-operative MP from 1931 to 1935, on balance this appears to have been counteracted by the advances outlined above and the Co-operative Party of the 1930s was consequently much more confident, articulate and organised than it had been in its formative years.<sup>298</sup>

Similarly, the Labour Party in the 1930s was undergoing a period of rapid organisational change and development. In January 1932 the Labour Party launched a membership campaign to both mobilise support and generate finance for constituency parties, and by 1935 the Labour Party's individual membership was 419,311, almost double what it had been in 1929.<sup>299</sup> Worley has argued that there was a shift in the organisational base of the Labour party throughout the 1930s, with strong constituency parties helping to facilitate Labour's extension into non-union, less industrial areas in

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<sup>296</sup> Co-operative Party, *Crisis of 1931*, p. 20.

<sup>297</sup> Co-operative Party, *Britain Reborn*, (1931) There were 7 pamphlets in total each focusing on a different aspect of the economy. The detail of this policy will be discussed in the subsequent chapters.

<sup>298</sup> William Leonard was Co-operative-Labour MP for St Rollox, Glasgow.

<sup>299</sup> Worley, *Labour inside the Gate*, p. 160.

response to both the split in the Party in 1931, and the ILP's disaffiliation from the Party in 1932.<sup>300</sup> Labour was also busy working on their policy and programme for Government, which would eventually lead to the publication of their *Immediate Programme* in 1937.<sup>301</sup>

The individual development and subsequent organisational changes in both the Co-operative Party and the Labour Party contributed significantly to the organisational challenges which arose during the 1930s. This was recognised by John R. Clynes, a founding member of the Labour Representation Committee and MP for Manchester Plating, who stated in discussions regarding the future of the relationship in 1938 that 'the points of conflict between the two parties had emerged in consequence of their growth and internal development'.<sup>302</sup> What then were the key points of conflict that divided the two parties organisationally during the 1930s and what do these reveal about the culture and nature of their wider relationship?

In their 1960 study of the 'Constitutional Relationship' between the Co-operative Party and the Labour Party, Smith and Ostergaard state that four organisational issues emerged throughout the 1930s which affected the electoral alliance. These included the financial arrangements in constituencies, local organisation, payment of agents and the signing of the Labour Party standing orders.<sup>303</sup> This section will address the implications of these organisational issues on the alliance, drawing on evidence from the Joint Committee of the Labour and Co-operative Party to analyse what recurrent themes dominated these discussions.

In 1933, at their Hastings Conference, the Labour Party changed the financial procedures in constituencies to prevent domination by one organisation and placed a greater financial responsibility upon Constituency Labour Parties.<sup>304</sup> As Rhodes has

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<sup>300</sup> *Ibid*, p. 217.

<sup>301</sup> *Ibid*, p. 194.

<sup>302</sup> Co-operative Union Minutes/ National Co-operative Authority, 3 November 1938, (Co-operative and Labour Party Relationships Sub Committee Report).

<sup>303</sup> Smith, *Constitutional Relations*, p.11.

<sup>304</sup> Rhodes, *Labour-Co-operative Relations*, p. 38.

outlined, the purpose of this was twofold: to prevent domination of the trade unions whilst encouraging constituency Labour Parties to mobilise support by recruiting of individual membership.<sup>305</sup> Whilst there is no evidence to suggest that the Hastings Conference decision was in anyway targeted at curbing the influence of the Co-operative Party in constituencies, it was to have a significant impact on the electoral alliance between the two parties.

Local Co-operative Parties tended to retain control over finance in constituencies where they had a joint candidate with the local Labour Party. In these instances, a joint committee would be set up representing both the local Labour Party and local Co-operative Party.<sup>306</sup> Where these Joint Committees existed the local Co-operative Party would not have affiliated directly to the Constituency Labour Party and the local Joint Committee was often the unit of electoral organisation and not the Constituency Labour Party. A Labour Party memo regarding its position with the Co-operative Party details the significant variation in local arrangements; in 1934 there were 23 endorsed candidates, of which 9 had not yet completed the standing orders of the Labour Party, 14 of which had agents directly employed by the co-operative organisation, and the agreements in Kettering and Barkston Ash gave special powers to the Co-operative Party in nominating candidates.<sup>307</sup> Furthermore, it stated that there were several other joint committees proposed in constituencies where the Co-operative Party was not at present responsible for the candidate.<sup>308</sup>

The Cheltenham Agreement had provided for this level of local variation and flexible approach, however by 1933 the Labour Party was seeking to create uniform practices throughout its organisation and this diversity became problematic. The model for local affiliation provided for in the terms of the Cheltenham Agreement was between local

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<sup>305</sup> *Ibid.*

<sup>306</sup> *Ibid.*

<sup>307</sup> Joint Committee of the Labour Party and Co-operative Party, Minutes, Labour Party Memo, 14 December 1934, LPA.

<sup>308</sup> Joint Committee of the Labour Party and Co-operative Party, Minutes, Labour Party Memo, 14 December 1934, LPA.

Co-operative Party organisation and the divisional Labour Party yet in practice Joint Committees in many areas had been set up which bypassed the need for affiliation and created an extra layer of local political machinery. The impact of the Labour Party's Hastings Conference decision on the relationship between the Co-operative Party and the Labour Party was immediate. From late 1933 onwards, the minutes of the Joint Committee of the Co-operative Party and Labour Party are overwhelmingly concerned with organisational issues brought to the fore by this Labour Party decision.<sup>309</sup>

The undercurrent in many of the organisational discussions between the Labour Party and the Co-operative Party was the issue of affiliation. The Labour Party told the Co-operative Party that a way of overcoming these new regulations was for local co-operative societies to directly affiliate to the Labour Party.<sup>310</sup> The local affiliation of Co-operative Parties, to local Labour Party organisation was an accepted practice, as provided for in the Cheltenham Agreement. Yet the Co-operative Party leadership did not want local co-operative societies to directly affiliate to the Labour Party and neither did they want to affiliate nationally. The Co-operative Party was not affiliated to the Labour Party, and had from the outset made it clear that affiliation was not on the agenda.<sup>311</sup> The strength of co-operative feeling against affiliation is evident from the minutes of the Joint Committee of the Labour Party and Co-operative Party when the recorded minutes from a meeting of 12 July 1933 stated that 'the affiliation of the Co-operative Party to the Labour Party whilst being a possibility for the future, could not be entertained at the present time without causing considerable difficulties to the Co-operative side'.<sup>312</sup> Taken in isolation this would suggest that at some point affiliation would be a possibility, however, crucially at the following meeting the Co-operative Party requested that the minutes be amended, and the phrase 'whilst being a

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<sup>309</sup> Joint Committee of the Labour Party and Co-operative Party, LPA. Prior to 1933 the Joint Committee met quarterly and often lapsed longer than this. From 1933 there was a significant increase in the number of meetings taking place discussing primarily organisation.

<sup>310</sup> Joint Committee of the Labour Party and Co-operative Party, Minutes of Meeting with Labour Party Representative of the Joint Committee, 25 April, 1933, LPA.

<sup>311</sup> Co-operative Union, *Report of the First National Conference of the Co-operative Party*, (1920) p. 10.

<sup>312</sup> Joint Committee of Labour Party and Co-operative Party, Minutes, 12 July 1933, LPA.

possibility for the future' removed emphasising that affiliation was neither a possibility now nor in the future.<sup>313</sup> In 1933 the Co-operative Party was rallying the movement around the issue of taxation of co-operative dividends and unity in the movement was considered to be essential: consequently there could be no hint that affiliation to the Labour Party was on the agenda. Moreover, the Co-operative Party remained opposed to affiliation arguing that it would undermine the purpose of their Party as an organisation but would also would mean compromising significantly on their independence. As chapter one has illustrated the Co-operative Party remained under the authority of the Co-operative Union in order that their policies would reflect the views of the entire co-operative movement – affiliation to the Labour Party would ultimately undermine the authority of the Co-operative Union.

The Labour Party was unimpressed with the Co-operative Party's unwillingness to budge on the question of affiliation. In response to the Hastings Conference decision a memo was sent from Labour Party representatives on the Joint Committee to the National Executive Committee of the Labour Party which outlined how it had been anticipated that the increasing 'identity of interests' between the Co-operative Party and the Labour Party would eventually lead to affiliation.<sup>314</sup> Furthermore, this memo suggested that the Co-operative Party had indeed taken advantage of the Labour Party Constituency organisations to put forward its own Parliamentary and local government nominees, thus insinuating that the Co-operative Party was seeking to build up a potentially rival political organisation at the expense of the Labour Party.<sup>315</sup> This Labour Party concern reflected the aftershocks of the 1931 split in the Labour Government and the disaffiliation of the ILP in 1932, heightening sensitivity regarding the Co-operative Party developing as an independent Party.

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<sup>313</sup> Joint Committee of Labour Party and Co-operative Party, Minutes, 27 September 1933, LPA.

<sup>314</sup> Joint Committee of Labour Party and Co-operative Party/Labour Party Memorandum NEC 20 December 1933, LPA.

<sup>315</sup> Joint Committee of Labour Party and Co-operative Party/Labour Party Memorandum NEC 20 December 1933, LPA.

Nonetheless, the Co-operative Party was keen to emphasise its continued loyalty to the Labour Party. At a Joint Committee Meeting in October 1934 George Lathan, MP for Sheffield Park and a member of the Labour Party executive committee, asked whether it was the intention of the Co-operative Party to work as a competitive or competing Party saying that he was concerned by a recent statement from T. W. Mercer, a co-operative journalist. Lathan suggested that Mercer's statement quite definitely appeared to indicate that it was the intention of the Co-operative Party to work as a competitive Party.<sup>316</sup> Responding to this, Alf Barnes, Chairman of the Co-operative Party, acknowledged that although it regarded itself as a separate political Party there was no way in which it intended or sought to be competitive or antagonistic to the Labour Party.<sup>317</sup>

As Chairman of the Party, Barnes had the difficult task of building up the Party within the co-operative movement whilst also maintaining an electoral alliance with the Labour Party, which would enable the Party to achieve Parliamentary representation. The Co-operative Party was keen to assert its independence during the 1930s in part because it disliked the Labour Party treating it like just another affiliated organisation such as a Trade Union. As Rhodes has suggested, the Co-operative Party were very conscious of their 'independence, status and dignity'.<sup>318</sup> This discontent is evident at the 1944 Co-operative Party Conference at which one delegate asked that in the reformulation of the agreement, not only should the national party be recognised as a political party, but that the local party must be treated better than a branch of the Trade Union, as they were at present.<sup>319</sup> Yet the Labour Party in their efforts to maintain a national uniform party, with consistent regulations to ensure fairness in selection and financing was not comfortable with this unique position the Co-operative Party has in

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<sup>316</sup> Joint Committee of Labour Party and Co-operative Party/Minutes, 25 October 1934, LPA.

<sup>317</sup> Joint Committee of Labour Party and Co-operative Party/Minutes, 25 October 1934, LPA.

<sup>318</sup> Rhodes, *Co-operative-Labour Relations*, p. 60.

<sup>319</sup> *Co-operative Party Conference Report*, (1944) p 52.

their structure and consequently viewed the Co-operative Party with a level of suspicion.

The ongoing debate between the Labour Party and the Co-operative Party's Executive Committees regarding issues such as finance and constituency organisation were exacerbated by the London Labour Party's forceful attempts to secure the affiliation of the Political Committee of the London Co-operative Society. Speaking publicly to members of the South Suburban Co-operative Society in April 1935, Alf Barnes implied that direct affiliation between co-operative societies and the Labour Party would only create further division due to fundamental differences between the labour and co-operative movements.<sup>320</sup> Crucially Barnes was a key figure not only in the Co-operative Party but also in the London Co-operative Society and this attempt by the London Labour Party to secure the direct affiliation of the London Co-operative Society was treading on his territory.<sup>321</sup> Whilst Barnes advocated close links with the Labour Party and had done throughout his political career, ultimately Barnes did not want this to be at the expense of the continued development of the Co-operative Party.

Yet Barnes' message in this speech incensed some Labour Party members and reinforced suspicions regarding the independent political ambitions of the Co-operative Party. At the Labour Party conference that year, one delegate asked why they wanted 'to associate with these people' in reference to Barnes speech at the South Suburban Co-operative Society.<sup>322</sup> Furthermore, Alderman W. H. Green of the Royal Arsenal Co-operative Society (RACS) used the ensuing discussion regarding Barnes' speech at the conference to encourage delegates in local co-operative societies to affiliate directly to either local or national Labour Party organisation. Green suggested that 'whether this movement towards affiliation or closer relationship develops will not

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<sup>320</sup> Joint Committee of Labour Party and Co-operative Party/Notes for Mr J. R. Clynes for use at Joint Meeting with Co-operative Party on May 24 1935/ LPA

<sup>321</sup> See Stan Newens, *A Short History of the London Co-op Society Political Committee*, (CRS Political Committee, London, 1988) for further information on Alf Barnes' pivotal role in the London Co-operative Society.

<sup>322</sup> *Labour Party Conference Report*, (1935) p. 238.

depend on what Mr Barnes says, but on what you determine to do, and I say most emphatically, that the policy we have pursued is not against the declared policy of the whole Co-operative Movement'.<sup>323</sup> What Green raises in this point is the issue of local autonomy of co-operative societies, which as democratically controlled units could choose to do whatever their membership desired. The national Co-operative Party ultimately had no power over the individual actions of co-operative societies and neither did the Co-operative Union. This voluntary nature of co-operative political involvement contributed to the diverse range of local agreements with the Labour Party and this consequently affected the national relationship between the two Parties.

This incident provides a good example of the ways in which organisational differences reflect some of the underlying ideological tensions and contradictions. By highlighting fundamental differences between the Labour Party and the Co-operative Party, Barnes was providing a rationale for why the Co-operative Party could not affiliate to the Labour Party as it needed to remain loyal to the ideology of the co-operative movement. Barnes wanted a harmonious relationship with the Labour Party and was not suggesting the Co-operative Party was in any way intending to be competitive, however he was keen to emphasise that they offered something both additional and complimentary. This was evident in an earlier address by Barnes in which he stated:

'Trade unionism, Co-operation and the Labour Party are so organically related, that I do not think it is advisable to aim of the development of either to the exclusion or expense of the others. They are all complimentary to one another, and each has its special interests and particular functions to perform.'<sup>324</sup>

Nevertheless, the Labour Party was not entirely happy with this unique situation in which the Co-operative Party continued to develop as an independent political organisation, shaken after the 1931 split in the Party and the disaffiliation of the ILP in 1932. The Labour Party did view the co-operative movement as part of the Labour Party, but not as a separate entity. In their endeavour to create uniform organisational

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<sup>323</sup> *Labour Party Conference Report*, (1935) p. 238.

<sup>324</sup> Alfred Barnes, *Co-operative Aims in Politics: An address delivered in Manchester to the Pioneer Group on 29 January 1925*, (Manchester, Co-operative Union Ltd, 1925) p. 5.



structures and build a national political Party the issue of how to reconcile the Co-operative Party within this was proving problematic.

The issue of affiliation, stemming from these organisational difficulties, reached a crescendo in 1936 following a memo issued by the Labour Party to its conference delegates in 1936. This memo stated that 'the Co-op Party, wishes to continue as a separate political party, on terms of equality with the Labour Party' and that 'this dualism is not co-operation and is calculated to cause weakness rather than strength'.<sup>325</sup> The circular was the first occasion when organisational problems in the relationship were publicly raised at the Labour Party Conference and could arguably be viewed as a move to force the affiliation of the Co-operative Party. The Co-operative Party leadership was unhappy with the decision to issue this circular as they believed it would be detrimental to the Co-operative Party, particularly locally in constituencies where relationships were in the process of being brokered. This memo also caused a level of concern within the wider co-operative movement regarding the future of the alliance as evidenced by R. A. Palmer, the Co-operative Union General Secretary's letter to James Middleton, General Secretary of the Labour Party. In this letter Palmer challenged the suggestion in the memo that co-operative political organisation was calculated to cause weakness, and stated that on the contrary the 'Co-operative alliance with the Labour party since 1918 has added to the strength of Labour both in Parliament and on municipal bodies'.<sup>326</sup>

National affiliation to the Labour Party was not an option for the Co-operative Party. As chapter one has illustrated the Co-operative Party had a constitutional responsibility to the co-operative movement. The Co-operative Party was formed within the co-operative movement to represent co-operators and despite varying levels of support within the movement for the party it was ultimately bound by decisions of Congress. As

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<sup>325</sup> Circular to Conference Delegates, The Labour Party and the Co-operative Party, 1936. LHASC/GS/Co-op/5.

<sup>326</sup> Letter from Mr Palmer of the Co-operative Union to Mr Middleton, 30 September 1936. LHASC/GS/Co-op/6.

a department of the Co-operative Union, financed and supported by hundreds of autonomous co-operative societies with local level political structures, affiliation to the Labour Party would jeopardise this independence and would risk the movement losing control over aspects of finance, policy and structure. The Co-operative Party was democratic in that each co-operative society decided independently whether they would support the political fund. Affiliation to the Labour Party would remove an aspect of this democracy and also would undermine the role and function of the Co-operative Party. Crucially what would be the point of the Co-operative Party if local co-operative societies directly affiliated to the Labour Party? The national Co-operative Party would be left with very little function, which is arguably what the Labour Party desired through affiliation.

What is evident from these debates and discussions regarding organisation during the 1930s was that the key priority for the Co-operative Party was retaining control over their finances, organisation and policy, as this ultimately provided the foundations for their existence. Jack Bailey writing in 1948 summarised this, stating that;

'The decisions of either the Co-operative Party or the Co-operative Union Congress have to be implemented or rejected in the boardrooms of over a thousand separate Co-operative Societies, and often at their members meetings. To enforce an outside discipline upon a Co-operative Society is not the same thing as the enforcement of discipline upon a Divisional Labour Party.'<sup>327</sup>

What Bailey is arguing here is that national affiliation to the Labour Party from the Co-operative Party and the direct affiliation of co-operative societies to Labour Party organisation would undermine the democracy entrenched in the ideals of the movement. Thus, despite the limitations on the Co-operative Party from their constitutional relationship with the Co-operative Union and the questionable amount of democracy it allowed in terms of policy making, in the context of the relationship with the Labour Party remaining loyal to the co-operative movement remained of paramount importance.

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<sup>327</sup> Bailey, 'The Consumer in Politics', p. 108.

## **Divided Loyalties? Co-operative-Labour MPs and the Signing of Standing Orders.**

Nonetheless, the contradiction remains that, despite this emphasis on creating an independent political organisation locally, the Co-operative Party did rely on their electoral alliance with the Labour Party to achieve both Parliamentary and local representation. The development of local alliances and the continued growth of the Labour Party meant that securing representation without the assistance of the Labour Party by the 1930s was neither a viable nor desirable option for the Co-operative Party. Maintaining a harmonious organisational relationship with the Labour Party was therefore crucial for the Co-operative Party as this paved the way for representation. Co-operative-Labour MPs epitomise the contradictory aspects of this political alliance. Local co-operative political organisations would nominate their 'bona fide' co-operative parliamentary candidates, run election campaigns financed by co-operative funds and yet ultimately MPs were elected on the joint identity of Co-operative-Labour, using local Labour Party electoral apparatus. Moreover upon entering Parliament, Co-operative MPs were to all intents and purposes members of the Parliamentary Labour Party, which Waterson, the first Co-operative MP, had set the precedent for. This was further complicated in 1924 when Co-operative-Labour MPs also became part of the Labour Government. On one hand it could be argued that as members of the Co-operative Party their loyalty was firstly to the co-operative movement through the constitutional relationship between the Co-operative Party and the Co-operative Union. Yet as members of the Parliamentary Labour Party their loyalty and commitment was also to the Labour Party. In McKenzie's 1958 study of party organisation, he dismissed any potential differences in political identity between the Co-operative Party and the Labour Party stating that 'in any every important respect the Co-op and Labour MPs are indistinguishable from other members of the Parliamentary Labour Party'.<sup>328</sup>

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<sup>328</sup> R.T. McKenzie, *British Political Parties: The distribution of power within the Conservative and Labour parties*, (Heinemann, London, 1967 2nd Edition) p. 529.

Initially, the loyalty of Co-operative MPs to the Labour Party was assumed and not officially recognised. The Cheltenham Agreement for example contained no reference to how this loyalty would be demonstrated. However, in response to the ILP split from the Labour Party in 1932 all parliamentary candidates were required to sign the Labour Party's standing orders upon nomination. As Laybourn stated, it is generally accepted that the ILP disaffiliated from the Labour Party in July 1932 because of its refusal to accept the 1929 revised standing orders of the Labour Party which forbade Labour MPs from voting against the Labour Party in Parliament.<sup>329</sup> Furthermore this was imposed more rigorously after the 1931 election when the Labour Party actively tightened up its ranks.<sup>330</sup>

Consequently the issue of the signing of standing orders was of significant importance to the Labour Party which was anxious to assert party discipline. Yet this signing of the standing orders had not been required from co-operative candidates previously and represented an infringement of their autonomy which was compounded by the other ongoing discussions regarding finance and affiliation. It arguably brought to the fore more than any of these other issues the Co-operative Party's divided loyalties - in that co-operative candidates were required to pledge their loyalty to Labour Party decisions in Parliament, despite being members of the Co-operative Party and bound by the decisions of Co-operative Congress.

The concern of senior figures within the Labour Party regarding the signing of standing orders was evident at a meeting of the Joint Committee of the Labour Party and Co-operative Party in March 1935. Stafford Cripps asked 'are we going to admit the principle that members of parliament who are elected as a result of Party assistance are to be entitled, when in Parliament to vote against the Party?'<sup>331</sup> Equally Herbert Morrison emphasised how this issue needed to be satisfactorily cleared up to prevent a

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<sup>329</sup> Laybourn, 'The ILP and Second Labour Government', p. 100.

<sup>330</sup> *Ibid*, p. 102.

<sup>331</sup> Joint Committee of Labour Party and Co-operative Party/Minutes, 8 March 1935/LPA.

situation whereby the Co-operative Party could hold a disproportionate amount of power within a Labour Government with a small majority.<sup>332</sup> The members of the Co-operative Party Executive Committee explained that they would need some form of guarantee that if they were to agree to this request there would be some platform for discussion between the co-operative movement and the Labour Party to ensure the trading interests of the movement would be protected.<sup>333</sup> The Co-operative Party's response to this request is revealing as whilst on one hand the Co-operative Party were keen to assert their independence from the Labour Party on the grounds of there being fundamental ideological differences, on the issue of standing orders their approach was much more flexible. What this indicates is that the autonomy of the Co-operative Party was less of a consideration if it ultimately meant the protection of co-operative business and trading interests.

To ensure that the business needs of the co-operative movement were protected, the Labour Party proposed that the Co-operative Union join the National Council of Labour (NCL) to participate in wider discussions on economic policy.<sup>334</sup> The National Council of Labour, initially known as the Joint Council, comprised at this point the Trade Union Congress and the Labour Party.<sup>335</sup> The Trade Union Congress was in many respects similar to the Co-operative Union, acting as a federal body for subscribing trade unions. Yet whilst trade unions provided a huge basis of support for the Labour Party there was no constitutional relationship between the TUC and the Labour party and the NCL acted as a policy forum for the two organisations. Brookshire has shown how the influence of the of NCL on the Labour Party varied over time, illustrating how during the 1930s it was an important arena for policy discussion and helped strengthen the TUC and the Party at this time.<sup>336</sup>

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<sup>332</sup> Joint Committee of Labour Party and Co-operative Party/Minutes, 8 March 1935/LPA.

<sup>333</sup> Joint Committee of Labour Party and Co-operative Party/Minutes, 30 May 1935, LPA.

<sup>334</sup> Joint Committee of Labour Party and Co-operative Party/Minutes, 30 May 1935, LPA.

<sup>335</sup> See Jerry H. Brookshire, 'The National Council of Labour, 1921-1946', *Albion: A Quarterly Journal Concerned with British Studies*, 18, 1 (1986) pp. 43-69 for further details on this body.

<sup>336</sup> Brookshire, 'The National Council of Labour', p. 45.

Therefore at the time of this invitation, the NCL was a body of relative importance in the wider labour movement and was one of the arenas in which the policy of the Labour Party was formulated. Yet this invitation was declined by the National Co-operative Authority on behalf of the Co-operative Union on the grounds that many of the items discussed by the NCL were outside their scope of interest.<sup>337</sup> The rejection of this invitation was reported with disappointment at the Labour Party's 1935 Conference by G. R. Shepherd, the National Agent. He stated that they had invited the Co-operative Party to appoint representatives to the NCL because they were anxious to create one channel of communication between the co-operative movement and the trades union movement regarding policy, adding that he hoped the decision to decline this invitation was only temporary.<sup>338</sup> Therefore although the Co-operative Party Executive Committee members had secured this invitation through their negotiations with the Labour Party, the wider co-operative movement were still reluctant to commit to any overt political involvement outside the scope of the movement's immediate interests. This demonstrates the constitutional limitations under which the Co-operative Party operated, as in essence the decision by the National Co-operative Authority to reject this invitation undermined what the Party had perceived to be an appropriate step in ensuring the business interests of the movement were protected. Therefore, although the Co-operative Party were mindful of the need to be actively involved in broader policy discussions, particularly when their MPs were now to be bound by the standing orders of the Parliamentary Labour Party, they had no authority to act upon this and consequently were inhibited by the insularity of the wider co-operative movement. On this occasion a closer policy relationship between the co-operative movement and the Labour Party had been brokered by the Co-operative Party, yet the trade-off negotiated by the Co-operative Party with the Labour Party was undermined by National Co-operative Authority, as the representative policy voice of the movement, which at

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<sup>337</sup> *Co-operative Congress Report*, (1936) p. 71.

<sup>338</sup> *Labour Party Conference Report*, (1935) p. 141.

this point did not consider the impact of future policy on their business and trade concerns.

This aside, the signing of the standing orders proved less of a contentious issue than the discussions over finance and nomination of candidates. At a Joint Committee of the Labour Party and Co-operative Party in 1936, the Labour Party executive outlined how if the co-operative movement had access to Labour ministers to protect their trading interests then there was no reason why members of the Co-operative Party who had not signed the appropriate nomination paper should do so now.<sup>339</sup> Was there then a discernible level of resignation amongst the Co-operative Party leadership that once a candidate had been elected to Parliament that Labour Party identity would take priority? Mrs Smith, from the Coventry Co-operative Party, asked at the 1935 Conference whether the Co-operative-Labour MPs met to form policy to present to the House of Commons. In response a representative of the National Committee stated that this was not the case as Co-operative MPs acted as general members of the Parliamentary Labour Party and would take their part in the general procedures regarding policy.<sup>340</sup> Thus at this point Co-operative MPs did not operate as identifiable group in Parliament, although this is unsurprising given that between 1931 and 1935 there was only one Co-operative MP. The Labour Party leadership were keen to emphasise the need for cohesion to members of the Co-operative Party at parliamentary level. For example Hugh Dalton, the Labour Party's fraternal delegate at the 1937 Co-operative Party conference claimed that 'in the House of Commons the frontiers between the Co-operative and Labour MPs are invisible'. In 1939 Clement Attlee, leader of the Labour Party, speaking again as the fraternal delegate outlined how although in theory differences may arise between Co-operative and Labour MPs in Parliament this was not the case.<sup>341</sup>

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<sup>339</sup> Joint Committee of Labour Party and Co-operative Party/Minutes, 23 April 1936, LPA.

<sup>340</sup> *Co-operative Party Conference Report*, (1935) p. 12.

<sup>341</sup> *Co-operative Party Conference Report*, (1937) p. 6 and *Co-operative Party Conference Report*, (1939) p. 5.

## **The Mutual Benefits of the Electoral Alliance**

What the above statements from Dalton and Attlee indicate was that despite recurring challenges regarding the detail of the electoral alliance, the Labour Party leadership were keen to reassure Party members, and any press in attendance that overall unity prevailed. Equally at the 1935 Labour Party Conference, at which there had been discussions regarding the South Suburban speech by Alf Barnes, the National Agent, G. R. Shepherd played down negotiations with the Co-operative Party, emphasising that they were purely organisational.<sup>342</sup> In 1939 the Labour Party invited a fraternal delegate from the Co-operative Party to their annual conference, marking a new departure in the history of their relationship and signalling a continued desire to work together.<sup>343</sup> Yet a detailed survey of Labour Party conference reports throughout the 1931 to 1951 period has shown that there was little open discussion regarding the alliance with the Co-operative Party. This is indicative of why historians of the Labour Party have previously overlooked the nuances in the organisational detail of the Labour-Co-operative alliance as at the Labour Party Conference the relationship with the Co-operative Party did not appear to be either a priority or of any concern. Indeed the fact that the Cheltenham Agreement in 1927 was passed without debate illustrates this. Equally, discussions regarding the relationship at Co-operative Party Conferences were also often in a private session.<sup>344</sup> Nevertheless a survey of the Joint Committee Minutes of the Labour Party and the Co-operative Party from 1933 to 1939 has revealed that considerable time was spent by members of both the Party executives in considering the organisational difficulties which blighted the relationship during the 1930s. The time and effort spent negotiating these organisational issues demonstrates a real and continued commitment to working together.

Why was this time and effort spent? The mutual benefits of this alliance were perhaps most obvious for the Co-operative Party, as through local alliances with the Labour

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<sup>342</sup> *Labour Party Conference Report*, (1935).

<sup>343</sup> *Labour Party Conference Report*, (1939) p .304.

<sup>344</sup> *Co-operative Party Conference Report*, (1934) p. 21.



Party they were able to achieve political representation, as the successful election of 23 MPs in the 1945 election paid testament. However, there were also benefits from this alliance for the Labour Party in terms of increased local support, finance and grass roots activity from local co-operative political organisation, regardless of whether there was a co-operative candidate or not.<sup>345</sup> The Co-operative Party aided the development of the Labour Party in new areas and tended to contest marginal and unwinnable seats.<sup>346</sup> As McKenzie has illustrated, there was a strong tendency for Trade Unions to agree to sponsor candidates in safe Labour seats, in contrast to the Labour Party. For example, in 1951 only 10 out of a potential 38 Co-operative candidates were elected in contrast to 105 out of 139 potential Trade Union seats.<sup>347</sup> A report from the Co-operative Union for the National Council of Labour in March 1945 noted that 'it is suggested that the Co-operative Party should limit its activities to districts where there is little political consciousness', but contends that this would mean the policy of the Co-operative Party would naturally be less progressive.<sup>348</sup>

Beyond the formal electoral alliance the co-operative movement could also seek to influence votes of members of their societies in other constituencies and actively did so from 1935 when the Labour Party pledged to reverse the tax on co-operative societies.<sup>349</sup> In this election the National Co-operative Authority actively organised a campaign backing the election of Labour Party candidates in all constituencies.<sup>350</sup> There was, therefore, on many levels a growing sense of political unity between these two working class organisations by the close of the 1930s.

### **Towards a Workable Compromise? The 1946 Agreement.**

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<sup>345</sup> *Co-operative Party Conference Report*, (1936) p. 12.

<sup>346</sup> The 1958 Agreement between the Labour Party and Co-operative Party imposed a limitation on the seats that could be contested by the Co-operative Party in a bid to restrict the size of the smaller Party. This restriction was not discussed at this point, possibly because as suggested the Co-operative Party was useful in developing political activity in some localities.

<sup>347</sup> McKenzie, *British Political Parties*, p. 529.

<sup>348</sup> Co-operative Union Report of Activities to National Council of Labour, 7 March 1945/GS/CO-OP/20ii.

<sup>349</sup> *Co-operative Party Conference Report*, (1936) p. 11.

<sup>350</sup> Redvaldsen also illustrated how 41% of all Labour Party election material in this campaign mentioned the tax on co-operative societies. Redvaldsen, *Labour Party*, p. 184.

In 1946 a new agreement was reached regarding the political alliance between the Co-operative Union and the Labour Party, replacing the 1927 Cheltenham Agreement.<sup>351</sup> The first difference noted here is that the 1946 Agreement, although concerning the electoral arrangements between the Co-operative Party and the Labour Party, was a political agreement between the Co-operative Union and the Labour Party. Thus one aspect which this section will explore is how the agreement shifted from a bilateral one between the Co-operative Party and the Labour Party, as was the case in 1927 to a trilateral one between the Co-operative Union, Co-operative Party and the Labour Party. In examining the negotiations which led to this agreement and the reception that accompanied it, this section will consider the ways in which this differed from the 1927 Cheltenham Agreement, what compromises had to be made, and what implications this agreement had for the broader political relationship between the Co-operative Party, Labour Party and co-operative movement.

The Agreement of 1946 was described by Jack Bailey as a 'workable compromise', which recognised the contradictory nature of the Co-operative Party's relationship with the Labour Party but also its mutual benefits.<sup>352</sup> The agreement was comprised of two parts; the first established a National Policy Committee between the Co-operative Union and the Labour Party executives which, as will be discussed was also a new departure. The second created a Joint Organisational Committee between the Co-operative Party and the Labour Party, comprised of four representatives from each party's Executive, and its role was to facilitate the resolution of local level organisational disputes. In order to overcome the issues regarding finance and organisation which had dominated the disputes in the 1930s this agreement provided for affiliation from the constituency Co-operative Party to the constituency Labour Party as the model for local agreements, again marking a change in emphasis. The

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<sup>351</sup> For the Agreement in full see Jack Bailey, *Facing the Future Together*, (Co-operative Union, 1946) pp. 63-66.

<sup>352</sup> Bailey, 'The Consumer in Politics', p. 109.

exception here was for existing arrangements where a Co-operative MP already held the seat.<sup>353</sup>

The 1946 Agreement was the consequence of the series of negotiations that had taken place since the 1933 Labour Party Hastings decision, in which the financial arrangements for Labour Party candidates had changed. As this chapter has illustrated, organisational tensions blighted the alliance between the Co-operative Party and the Labour Party as they both sought to develop robust party organisation. The Co-operative Party, in creating its own political machinery while forming local alliances with the Labour Party created a challenging situation for the Labour Party leadership who were seeking to create uniform nationwide political organisation.

By 1938 it appears that the co-operative movement had realised the contradictory position of the Co-operative Party. At a meeting of the National Co-operative Authority in November 1938 the chair, Sir Fred Heyward, who was also a member of the Executive of the Co-operative Union, outlined how local co-operative societies and parties had been encouraged to affiliate to the local Labour Party organisation whilst nationally there was still not affiliation. He also highlighted the multiple obligations for Co-operative MPs who were responsible not only to Congress but also to their constituencies and to the Labour Party in Parliament. Heywood contended that the Co-operative Party had, whether intentionally or not, become part of the Labour Party machine thus making it virtually impossible to return to the conditions of 1933.<sup>354</sup>

Heyward's remarks here perhaps signal a realisation by the leadership of the co-operative movement that for the best results in terms of parliamentary representation they needed to work within the Labour Party. Earlier that year Heyward had outlined some key questions for the Labour Party at a Joint Committee Meeting. He asked what they desired the relationship of the two parties to be and whether they

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<sup>353</sup> Lesson notes on the history of the Co-operative Party, Lesson IX – Relations with the Labour, p. 8. NCA/CPY/9/1/3/2.

<sup>354</sup> Co-operative Union Minutes/National Co-operative Authority/3 November 1938.

viewed the Co-operative Party as a political organisation akin to a Trade Union branch. He also questioned whether at no stage was the Co-operative Party entitled to have an opinion different from the Labour Party?<sup>355</sup> Responding to these broader questions at a later meeting the Labour Party executive replied that it 'would like to see the Co-op party affiliated but it would not move a finger to undermine it' adding that 'the Labour Party looked upon the Co-op Party as an equal with itself and was willing to give it every assistance'.<sup>356</sup> The tone of these statements was somewhat more conciliatory perhaps than the crux of the organisation problems in 1936. Nevertheless the Labour Party still made it entirely clear that the desired relationship would be one that would include full affiliation.

A crucial development here is the shift in responsibility for negotiations with the Labour Party from the Co-operative Party to the National Co-operative Authority.<sup>357</sup> Whilst this signalled a greater interest from the wider co-operative movement in party politics, it also emphasised the limited capacity of the Co-operative Party to determine its own political path, particularly when relations had broken down with the Labour Party. As chapter one outlined, the replication of political functions within the co-operative movement provides another reason why the relationship is hard to categorise and often misunderstood.

The Co-operative Union's increased interest in political matters was also evident in their eventual inclusion on the National Council of Labour. In 1939 the Co-operative Union was again invited to join the National Council of Labour, initially in a consultative capacity.<sup>358</sup> Despite declining an invitation to join in 1935, the outbreak of the Second World War clearly changed the landscape in which the co-operative movement was operating. Their experience, particularly in the retail and distributive industry, was coveted by the wider Labour movement, and was something which the Co-operative

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<sup>355</sup> Joint Committee of Labour Party and Co-operative Party/Minutes/ 14 July 1938.

<sup>356</sup> Joint Committee of Labour Party and Co-operative Party/Minutes/ 27 July 1938.

<sup>357</sup> Joint Committee of Labour Party and Co-operative Party/Minutes, 11 April 1938.

<sup>358</sup> National Council of Labour Minutes, 20 October 1939, LHASC.

Union believed they could usefully contribute to. Was there then a business motive for the Co-operative Union in joining the National Council of Labour as only four years earlier the movement had deemed this body of having little relevance? In July 1941 the Co-operative Union joined the National Council of Labour on the same terms as the Trades Union Congress and the Labour Party.<sup>359</sup> The National Committee of the Co-operative Party reported at the 1942 Conference that 'we are glad that the Co-op Movement is now actively participating in the consultations and decisions by the National Council' and added that the Co-operative Party were allocated one of the places.<sup>360</sup> On the surface this signalled closer relations across the wider working-class movement and a greater political role for the co-operative movement. However the influence that the co-operative movement could exert through this body was limited as Brookshire has argued that by 1941 the influence of this body had declined as its Parliamentary Labour Party members became more involved in taking policy decisions in Government.<sup>361</sup>

In 1938 an understanding was reached between the National Co-operative Authority and the Labour Party that a new agreement was needed. However on the outbreak of war negotiations were suspended on the basis that this understanding should remain unchanged until normal electioneering resumed.<sup>362</sup> The decision to shelve these negotiations for the period of war were questioned by delegates at the 1940 Co-operative Party Conference. Councillor Jarrett of the London Political Committee outlined how local people were members of both Parties and they needed some solid lead so as not to impair Co-operative Party interests when the time of election came.<sup>363</sup> In response to these concerns Barnes stated that the difficulties never represented a difference in policy or programme which affected presenting a joint programme to the

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<sup>359</sup> National Council of Labour Minutes, 22 July 1941, LHASC. Out of 6 seats allocated to the Co-operative Union, 2 were subsequently given to Co-operative Party National Committee members.

<sup>360</sup> *Co-operative Party Conference Report*, (1942) p. 7.

<sup>361</sup> Brookshire, 'The National Council of Labour', p. 67.

<sup>362</sup> *Co-operative Congress Report*, (1945) p. 3. The decision to postpone was taken at a meeting of the National Co-operative Authority in September 1939.

<sup>363</sup> *Co-operative Party Conference Report*, (1941) p. 46.

electorate but were purely organisational.<sup>364</sup> He added that these organisational difficulties were because they could not permit the Labour Party to impose its arrangements, in particular the 1933 Hastings Conference decision to impose limitations on the financing of elections, on the Co-operative Party.<sup>365</sup>

It was reported at the 1945 Co-operative Congress that the Co-operative Party had informed the National Co-operative Authority that it was desirable that negotiations should be resumed with the Labour Party in preparation for a general election. The National Co-operative Authority subsequently appointed a sub-committee to negotiate with the Labour Party which included Albert Ballard and Alf Barnes.<sup>366</sup> Both Barnes and Ballard were members of the National Co-operative Authority and although they played a pivotal role in the renegotiation of the alliance with the Labour Party, the Co-operative Party as an organisation had little influence.

It was local circumstances which generated the resolution at the 1945 Co-operative Party Conference to secure a new arrangement with the Labour Party. In moving the resolution Mr D. Wilson of the Renfrewshire Party stated that the two Parties should be devoted to ensuring the return of a socialist government but instead would be too busy squabbling and fighting among themselves.<sup>367</sup> He argued that 'this undercurrent of conflict between local organisations should be tackled before it grows to any greater extent'.<sup>368</sup> Yet the nature of the alliance with the Labour Party remained a divisive issue within the Co-operative Party's membership and at this Conference a lengthy debate on affiliation to the Labour Party took place. Although the proposal to affiliate was overwhelmingly rejected, what this debate illustrates is that there was a minority of members which believed working within the Labour Party would achieve better results for co-operative politics.<sup>369</sup> The motion to affiliate was moved by the Royal Arsenal

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<sup>364</sup> *Ibid*, p. 47

<sup>365</sup> *Ibid*.

<sup>366</sup> *Co-operative Congress Report*, (1945) p. 3.

<sup>367</sup> *Co-operative Party Conference Report*, (1944) p. 51.

<sup>368</sup> *Co-operative Party Conference Report*, (1944) p. 51.

<sup>369</sup> *Co-operative Party Conference Report*, (1945) pp. 53-63.

Co-operative Society and supported by the Manchester and Salford Society. In general the motion outlined that it was wasteful to have two democratic parties each competing for the votes of same people and that the best way to make the working class movement democratic was to be within the labour movement.<sup>370</sup> Mr H. E. Campbell of the Enfield Highway Society stated that the proposal to affiliate was unrealistic as ultimately it would need to be the whole co-operative movement which affiliated thus disbanding the Co-operative Party. However, he prophesied that even if this affiliation occurred, the ideological friction between the co-operative movement and Labour Party would eventually lead to the movement having to withdraw from the Labour Party and start again from scratch.<sup>371</sup> Mrs C. S. Ganley of the London Society also argued against affiliation stating that the 'co-operative movement has a particular economic contribution to make in the political field and this must be safeguarded'.<sup>372</sup> What these remarks suggest is that there was an awareness of potential ideological and policy discord which is why the movements had this unique arms-length relationship. The rejection of the motion to affiliate also indicates that the majority of the attendees at the conference were of the opinion that the Co-operative Party had a role and purpose that the Labour Party could not embody. Yet as emphasised by Mr J. Allison, presenting the view of the National Committee, although they were against national affiliation this did not mean disunity, as they supported local affiliation and a sacrifice of co-operative electoral machinery to work through the Labour Party.<sup>373</sup> The level of debate and divisions over the nature of the Co-operative Party's relationship with the Labour Party here illustrates its continuing complexity and contradictions.

The subsequent agreement was presented to both Party Conferences and Co-operative Congress to accept or reject in its entirety, and was accepted at both.<sup>374</sup> At the Co-operative Party Conference, Albert Ballard, who had been involved in the

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<sup>370</sup> *Ibid*, pp. 53-54.

<sup>371</sup> *Ibid*, p. 56.

<sup>372</sup> *Ibid*.

<sup>373</sup> *Ibid*.

<sup>374</sup> *Co-operative Party Conference Report*, (1946) *Co-operative Congress Report*, (1946) *Labour Party Conference Report*, (1946).

formulation of the agreement, described how they were faced with one of two extremes in the negotiation of this agreement; either complete affiliation or complete independence, but they had come between the two.<sup>375</sup> The early negotiations between the sub-committee of the National Co-operative Authority and the Labour Party reveal that there were still ongoing concerns within the Labour Party about the autonomy of the co-operative movement. In an internal document regarding the proposed new agreement, the Labour Party Executive outlined concerns about the implications of the inclusion of a joint policy committee, as they, like the Co-operative Union, did not want to lose autonomy over their policy.<sup>376</sup>

Ballard further outlined how although united policy action and electoral action were possible under this agreement there was still the required independence for policy making. For the Co-operative Party this meant that Congress would remain the final and sole authority on the policy of the Party but equally this limited the power of this newly formed policy committee as its recommendations were not binding on either Party.<sup>377</sup> This policy committee, therefore, would have no authority over the policy of the Labour Party, which had been one of their concerns. However, Ballard emphasised that there was a real desire for unity between the Labour Party and the wider co-operative movement in this agreement and moreover that this unity was already evident in the work of the National Council of Labour.<sup>378</sup> Nevertheless, the establishment of this policy committee did represent a change in the nature of the political relationship between the Labour Party and the Co-operative Union, as although it had no real authority it provided explicitly for the first time a committee to enable policy discussions between the Labour Party and the co-operative movement.

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<sup>375</sup> *Co-operative Party Conference*, (1946) p. 38.

<sup>376</sup> Labour and Co-operative Relations. Points Labour Party would like to raise on document of February 28<sup>th</sup>, 1945, submitted by the Co-operative Authority. LHASG/GS/Coop/48.

<sup>377</sup> *Co-operative Party Conference*, (1946) p. 40.

<sup>378</sup> *Ibid.*



Writing in the *Co-operative Review* in 1946, Jack Bailey suggested that the policy committee was more significant than the organisational arrangement stating;

'If the outlook and economic aims of the two movements can be mutually adjusted it ought to be possible to dovetail electoral plans. Agreement has been reached not by concealing or surrendering different views, nor by any process of absorption, but by creating machinery for consultation'.<sup>379</sup>

Organisation, therefore, needed to recognise and reflect the differing ideological needs of both organisations whilst providing appropriate scope for consultation.

The 1946 agreement was not however without compromises and perhaps the most significant changes in terms of the operation of the electoral alliance was that potential Co-operative Party candidates would now be required to be individual members of the Labour Party. The 1945 document regarding relations between the Parties evidences this desire by the Labour Party to secure a guarantee that co-operative candidates were not supporters of other Parties ineligible for affiliation to the Labour Party or those who owed no allegiance to local Labour Parties.<sup>380</sup> This was a crucial concern for the Labour Party who were keen to keep other political organisations, in particular the Communist Party of Great Britain (CPGB) outside their political organisation.<sup>381</sup>

However this requirement was a potentially contentious issue for the Co-operative Party. Consequently at the Co-operative Party Conference, R. G. Gosling of the National Committee, in anticipation of questions from the delegates regarding this matter stated that 'the worst that can be said of that provision is that it is unnecessary; but it is not vicious; it is not repugnant to our policy'.<sup>382</sup> The Party leadership were right to recognise that this would cause some discussion, in particular from Mr J. McNeil of

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<sup>379</sup> *Co-operative Review*, October 1946, p. 182.

<sup>380</sup> Labour and Co-operative Relations. Points Labour Party would like to raise on document of February 28<sup>th</sup>, 1945, submitted by the Co-operative Authority. LHASC/GS/Coop/48.

<sup>381</sup> For a full discussion on the Labour Party's attitude to the Communist Party at this time see Andrew Thorpe, 'Locking out the Communists: The Labour party and the Communist party, 1939–46', *Twentieth Century British History*, (2013). Advance access: doi:10.1093/tcbh/hwt020.

<sup>382</sup> *Co-operative Party Conference*, (1946) p. 41.

the Kilmarnock Party who stated that this would be more problematic in Scotland where many co-operators did not think along Labour lines'.<sup>383</sup>

The 1951 change in the constitution of the Co-operative Party reflected this change in the agreement, evident in the inclusion of a declaration for individual members, candidates and Party officials that they were not members of any political organisation which sponsored or supported Parliamentary or local government candidates in opposition to the candidates of the Co-operative Party and of any other party which it has an electoral agreement.<sup>384</sup> This also reflected a broader consensus in both the Labour Party and the Co-operative Party of the need to remove communist influence from their organisations. For example a resolution had been passed at the 1941 Co-operative Party Conference regarding membership, stating 'that this conference is of the opinion that membership of the Co-operative Party should be confined to supporters of the political programme and policy of the Co-operative Party as from time to time declared by the Co-operative Congress'.<sup>385</sup> This final resolution differed from the initial resolution which had specified that members and supporters of the Communist Party be ineligible for membership.<sup>386</sup> The mover of the original motion, Mr A. Pollock, suggested that the infiltration of communists into local Party organisation was a negative influence.<sup>387</sup> This concern was also raised in the debate regarding the new agreement at the 1946 Co-operative Party Conference. A delegate noted that there was a real fear that this condition of dual membership would make compromises on the identity of co-operators, however he posited whether objection to this was sufficient enough basis to reject the agreement, as the concern of the Labour Party imposing this was to prevent people from proscribed organisations coming into the Party through the looseness of Co-operative Party membership.<sup>388</sup>

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<sup>383</sup> *Ibid.*

<sup>384</sup> *Constitution of the Co-operative Party*, (Co-operative Union, 1951) p. 8. In contrast to *Constitution of the Co-operative Party*, (Co-operative Union, 1938, amended 1947) p. 6.

<sup>385</sup> *Co-operative Party Conference Report*, (1941) p. 31.

<sup>386</sup> *Ibid.*, p. 28.

<sup>387</sup> *Ibid.*, p. 29.

<sup>388</sup> *Co-operative Party Conference*, (1946) p. 43.

The Agreement of 1946 did to a certain extent represent a 'workable compromise'.<sup>389</sup> Furthermore Bailey had contended 'critics must learn to apply co-operative standards to co-operative matters, and not the ordinary measurements of political organisation'.<sup>390</sup> Yet the compromises made were mainly on the part of the Co-operative Party, as local affiliation was now encouraged to the Labour Party and membership conditions had been imposed, thus suggesting that this agreement adhered to the standards of organisation required by the Labour Party.

## Conclusions

The 1927 Cheltenham Agreement recognised existing local practices but also mapped out a unique political alliance which exists still today. The close links between the co-operative movement and the Labour Party in some localities meant political culture of some areas, for example in Sheffield the development of the Co-operative Party was bound up with the development of local Labour Party organisation. As this chapter has demonstrated, however, the nature of both the national relationship between the Co-operative Party and the Labour Party was determined by the constantly evolving organisational culture of each party.

What this chapter has demonstrated is that the political alliance between the Labour Party and Co-operative Party, and later the Co-operative Union represented a unique dimension in the organisation of the Labour Party, particularly in a period when the Labour Party was curbing the potential influence other political organisations could have on the Party.<sup>391</sup> During the 1930s this anomalous position created a series of organisational tensions at local level which were played out nationally between the executives of both Parties. Underpinning these organisational discussions was the

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<sup>389</sup> Bailey, 'The Consumer in Politics', p. 108.

<sup>390</sup> *Ibid.*

<sup>391</sup> Thorpe, 'Locking out the Communists', p. 243. Thorpe argues that relations with other left wing parties were conditioned by concern about the Communists. He states the already affiliated Co-operative Party was tied closer to the Labour Party in 1946. Thorpe is referring here to the conditions of the new agreement, yet is factually incorrect in stating that the Co-operative Party was affiliated, emphasising again the misunderstanding of this relationship in Labour Party historiography.

issue of affiliation – the Labour Party did not want the Co-operative Party to continue to develop autonomous political organisation as this did not fit with their agenda to create a unified Party encompassing all working class organisations. Yet the Co-operative Party, constituted as a department of the Co-operative Union, could not affiliate to the Labour Party as this would undermine its role and purpose, along with the autonomy of Co-operative Congress. One key change this chapter has highlighted was the gradual incursion of the Co-operative Union into politics, as the National Co-operative Authority took an increasingly greater role in managing the relationship with the Labour Party.

The 1946 Agreement was essentially a compromise, mainly on the part of the Co-operative Party which accepted that local affiliation to the Constituency Labour Party represented the most efficient way of working within the Labour Party to achieve political representation. This varied from the 1927 Cheltenham Agreement which had given greater scope for existing practices, such as the formation of local joint committees to manage the fielding of candidates. The main concession however was the condition that candidates now also had to be members of the Labour Party, in an attempt to stymie the infiltration of the Labour Party through the Co-operative Party by members of other political organisations, notably the CPGB. These compromises reflected the ‘inner contradiction’ the Co-operative Party found itself in – whilst leaders of the Party and the Co-operative Union wanted to retain a level of autonomy from the Labour Party they also saw the value of working within the Labour Party to achieve parliamentary representation. The compromises made were softened by the inclusion of a National Policy Committee between the Co-operative Union and the Labour Party which signalled a greater role in politics for the movement. Nevertheless the usefulness of this policy committee has since been questioned by Rhodes who contended that it was impossible for the policy committee ‘as constituted by the 1946 Agreement to

reach effective conclusions on many of the many specialised matters of policy which were the concern of both Parties'.<sup>392</sup>

What is evident throughout this chapter is that a significant amount of time and effort was spent on organisational discussions by both the Co-operative Party and the Labour Party, demonstrating a reciprocal commitment to maintaining this alliance. Crucially what needs to be considered is that in the main during this period the leadership of both the Labour Party and the Co-operative Party were keen to emphasise unity and maintain that these differences were purely organisational. Redvaldsen suggested that for the Labour party the dispute with the Co-operative Party fundamentally related to how much autonomy Parties affiliated to them should have.<sup>393</sup> In contrast, for the Co-operative Party and the co-operative movement, the compromise boiled down to how much of their autonomy they were willing to concede to maintain the benefits of this electoral alliance.

Control, therefore, was a key issue underpinning these discussions as maintaining autonomy over policy was vital to both organisations. Therefore the tensions which dominated the 1930s regarding organisation did represent an awareness of ideological differences between the Co-operative Party and the Labour Party. This has been noted previously by Friend, who studied the wider relationships between working class organisations in the 1990s, and argued that the dilemma regarding ideological theories was a reason for the arms-length relationship between the Labour Party and the co-operative movement.<sup>394</sup> In maintaining their own political organisation the co-operative movement believed that they had a distinct contribution to make to politics – and this explains why affiliation to the Labour Party nationally was not an option. As a Co-operative Union lesson on the Co-operative Party aptly summarises; 'in general political opinion of the Co-operative Movement is similar to that of the Labour Party,

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<sup>392</sup> Rhodes, *Co-operative-Labour*, p. 92.

<sup>393</sup> Redvaldsen, *The Labour Party*, p. 86.

<sup>394</sup> Friend, 'The Labour Party', p. 59.

which makes such a working agreement possible, but there are also important differences which make a distinctive Co-operative Party necessary'.<sup>395</sup>

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<sup>395</sup> Lesson notes on the history of the Co-operative Party, Lesson X – The Achievements of the Co-operative Party, p. 3. NCA/CPY/9/1/3/2.

## CHAPTER 3: 'THE WASTED YEARS?' THE POLICY

### DEVELOPMENT OF THE CO-OPERATIVE PARTY, 1931-1945.

*'The Co-operative and the Labour movement do not see eye to eye on every phase of political action. We both do believe, however, in Co-operative and Public Ownership of the sources of wealth as against individual ownership, and this binds us together as open and declared allies.'* Alf Barnes, 1932.<sup>396</sup>

The above quote from Barnes indicates that the Co-operative Party and the Labour Party were allied politically due to their commitment to 'co-operative and public ownership'. As the previous chapter has illustrated the electoral alliance between the Co-operative Party and the Labour Party reflected this shared ideological ground. However, what became evident in the analysis of the organisational relationship between the Co-operative Party and the Labour Party, was that they both wanted to retain autonomy over their policy and this shaped the nature of their alliance. At the emergency conference, from which the Co-operative Party was created, it was stated that 'co-operation is a theory of society, and, therefore a legitimate basis for a political party'.<sup>397</sup> Thus, the Co-operative Party had a different political vision to the Labour Party, based upon the principles of the movement which it represented. This chapter, moving away from an analysis of organisation, will focus on the policy and ideological aspects of the relationship between the Co-operative Party and the Labour Party in the period 1931 to 1945.

Speaking in 1932, Barnes' statement echoed to an extent the Labour Party's developing commitment at that time to achieving socialism through public ownership, as Clause 4 of their 1918 Constitution had outlined. Barnes use of the terms 'co-operative and public', however, highlights a key point of ideological difference between the two movements, which would emerge particularly in the post war period.

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<sup>396</sup> Chairman's Address, *Co-operative Party Annual Conference Proceedings*, (1932) p. 5.

<sup>397</sup> Co-operative Union, *Co-operative National Emergency Conference*, (Manchester, Co-operative Union, 1917) p. 11.

Whilst historians have indicated that this ideological difference in emphasis created tensions between the Labour Party and the co-operative movement, particularly in the 1945 to 1951 period, there has been no detailed examination of the policy making relationship between the Co-operative Party and the Labour Party.<sup>398</sup> Co-operative historians have tended to focus on the organisational aspects of both the Party and its relationship with the Labour Party in the 1930s, concluding that the Party overlooked policy development due to time spent on organisational matters.<sup>399</sup> In contrast, discussions of the post 1945 period often pivoted around the Labour Party's proposal to nationalise co-operatively owned insurance services as evidence of the marginalisation of co-operative ideas.<sup>400</sup>

This chapter will therefore examine what factors contributed to this marginalisation of co-operative ideas by the Labour Party in the postwar period by drawing upon evidence from 1931 onwards, when both the Co-operative Party and Labour Party began to consider more seriously what a Labour-Co-operative programme for government would embody. For the Labour Party, the link between the development of policy in the 1930s and the programme implemented by the 1945 Labour Government has been established by a number of historians. Francis has argued that 'the content and character of the nationalisation programme of 1945 was very much a reflection of the socialist priorities and expectations of the 1930s'.<sup>401</sup> Furthermore, Thompson has suggested that socialist thinking that took place following the collapse of the Labour Government in 1931 'had a profound impact on the evolution of socialist political economy in Britain in that decade'.<sup>402</sup>

It can, therefore, be argued that if the Co-operative Party was to have any influence on the post war nationalisation programme of the Labour Party, or on its wider ideological

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<sup>398</sup> Francis, *Ideas and Policies*, pp. 83-89, Manton, 'The Labour party', pp. 756-778, Roberston, 'A Union of Forces', p. 224.

<sup>399</sup> Cole, *A Century of Co-operation*, pp. 326-327, Rhodes, *Co-operative Labour-Relations*, p.38.

<sup>400</sup> Gurney, 'Battle of Consumer', p. 965.

<sup>401</sup> Francis, *Ideas and Policies*, p. 90.

<sup>402</sup> Thompson, *Political Economy*, p. 92.



progression this would need to have been framed within this period of socialist rethinking and consequent policy development during the 1930s.<sup>403</sup> Taking up this theme, the focus of the analysis and research for this chapter will centre on notions of ownership. It will ask to what extent the co-operative movement, through the Co-operative Party, advocated co-operative forms of ownership in contrast to the Labour Party's focus on state forms during this crucial period of policy development. Whilst the co-operative movement and the Labour Party were committed to common ownership, the methods through which they envisaged this being achieved were different. As G. D. H. Cole outlined in his history of the co-operative movement in 1944, the labour and co-operative movements 'approached political problems from different angles', although he noted that they did converge for the most part on common solutions.<sup>404</sup> In 1925 the Co-operative Union included a commitment to the 'Co-operative Commonwealth' in its aims, which Cole suggested emphasised their hostility to capitalism.<sup>405</sup> However to what extent was the idea of a 'co-operative commonwealth', meaning a society in which goods and services were co-operatively owned and controlled through voluntary democratic association, evident in the policy of the Co-operative Party?

This chapter will argue that the structure in which the Co-operative Party operated created a number of organisational challenges, which in turn significantly impeded the Party's ability to form a distinctly co-operative political policy. It will illustrate the difficulties the Party faced in trying to carve out a political identity for itself. In doing so, it will ask how the policy development of the Co-operative Party was affected by the simultaneous need to be the independent political voice of the co-operative movement and part of the Labour Party electoral machine. Did the Co-operative Union have a strong political commitment to the advancement of a 'Co-operative Commonwealth', or

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<sup>403</sup> *Labour's Immediate Programme*, published in 1937 is viewed as the Labour Party's first programme for Government and reflects an emphasis on policy development in the period 1931-1937.

<sup>404</sup> Cole, *A Century*, p. 318.

<sup>405</sup> *Ibid*, p. 303.

was it, as Bonner suggested, more concerned with immediate problems of finance, trade, systems of management?<sup>406</sup> Gurney contended that 'co-operators suffered constant pressure from external threats during the interwar years', and this chapter will build on this and consider how these affected the political culture in which the Co-operative Party developed their political programme.<sup>407</sup> It will illustrate that external factors impacted on the political development of the Co-operative Party during this period, and thus organisational limitations were just one of several factors in a broader environment which affected the development of a distinct co-operative policy.

Starting with the Labour Government split of 1931, it will firstly explore how the Co-operative Party, like the Labour Party, began to pay more attention to developing a programme for Government. Secondly it will examine the emerging policy programme of the Co-operative Party during the 1930s and how it compared with that of the Labour Party, in particular regarding economic policy and methods of ownership. Thirdly, this chapter will discuss how the development of the Co-operative Party programme was navigated and affected both by the implicit link with the Co-operative Union and their electoral alliance with the Labour Party. Fourthly, it will examine policy discussions between the Co-operative Party, Labour Party and co-operative movement in this period, in the context of the organisational relationship. Finally, this chapter will conclude with a consideration of how the development of policy between 1931 and 1945 was affected by the broader political culture in which the Co-operative Party operated. How did external challenges to the co-operative movement, including the changing international situation which led to the outbreak of the Second World War in 1939, affect the political outlook of the Co-operative Party?

### **1931: A Turning Point?**

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<sup>406</sup> Bonner, *British Co-operation*, p. 206.

<sup>407</sup> Gurney, Peter, 'Co-operation and the 'new consumerism' in interwar England', *Business History*, 54, 6 (2012) p .907.

The year 1931 was a turning point for both the Co-operative Party and the Labour Party. The minority Labour Government elected in 1929 and headed by Ramsay MacDonald was faced with a serious worldwide economic crisis. MacDonald's budget response in August 1931 to this economic crisis was not supported by the Parliamentary Labour Party and consequently the Party split, with members of the cabinet resigning from Government. Amongst these was Co-operative-Labour MP, A. V. Alexander, who resigned from his position as Lord of the Admiralty, demonstrating his commitment to the Labour Party. However, Alexander's actions represented not only a personal commitment from him to the Labour Party, but also reflected a more significant commitment from the Co-operative Party to the Labour Party. Alexander's unique position as both a Co-operative and Labour MP and a member of the Labour Government was the focus of 'long and full' discussions by the Executive Committee of the Co-operative Party. The minutes of the Executive Committee on the 30 August 1931 recorded that having heard a statement from A. V. Alexander on the political and financial crisis' they approved of the grounds upon which Alexander and T. Henderson (a Co-operative-Labour MP for Glasgow Tradeston and Comptroller of the Household in the Labour Government) resigned their positions as Ministers and 'agreed that Co-operative Members in Parliament should associate themselves with the official Opposition to Government'.<sup>408</sup> The subsequent General Election results of 1931 proved to be a devastating blow to the Labour Party, and this in turn impacted upon the Co-operative Party, resulting in only William Leonard being elected as a Co-operative-Labour MP, in the Glasgow St Rollox constituency.

The experience of the Labour Party in 1931 resulted in what has been described as a 'process of stocktaking' which represented a new direction for the Party and a break from the evolutionary socialism of the MacDonald era.<sup>409</sup> Thompson has argued that the collapse of the Labour government in 1931, combined with the political and

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<sup>408</sup> Executive Committee Minutes (Co-operative Party) 30 August 1931.

<sup>409</sup> Toye, *The Labour Party*, p. 3.

economic circumstances surrounding the collapse, 'raised certain fundamental questions about the nature and fate of capitalism, the general economic strategy to which Labour had been committed and the theoretical basis upon which that had rested'.<sup>410</sup> In addition, other historians have suggested that one of the key lessons gleaned from 1931 was the need for the next Labour government to deliver the goods in terms of tangible benefits for the working class. This was illustrated by the appointment of a Policy Subcommittee in December 1931.<sup>411</sup>

Historians have addressed the policy development of the Labour Party during the 1930s, and in doing so have demonstrated how the ideas formed in this period formed the basis of their 1945 Manifesto. *For Socialism and Peace* published by the Labour Party in 1934 was the result of the work of the policy sub-committees and gave a higher priority to nationalisation than previous policies and showed how the Labour Party's priorities had changed since the 1920s.<sup>412</sup> This policy statement advocated 'full and rapid socialist planning' through the common ownership of banking, transport, water, coal, electricity, gas, agriculture, iron and steel, shipping, shipbuilding, chemicals, engineering, textiles, insurance and land.<sup>413</sup> Furthermore, as Worley, has demonstrated the methods through which these would be achieved had less emphasis on municipal methods and more focus on state, arguing that 'national rather than local solutions were now entrenched at the top of the Party's agenda'.<sup>414</sup> This focus on the state also reflected the decline of guild socialism, as advocated by intellectuals like G. D. H. Cole in the 1920s, as a strand within Labour Party policy. This, Riddell argued, meant 'Labour lost a facet of its ideology which could have been a means of avoiding some of the weaknesses of the collective socialism created by the post 1945 Labour governments'.<sup>415</sup> Equally, increased Trade Union influence on policy development

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<sup>410</sup> Thompson, *Political Economy*, p. 93.

<sup>411</sup> Paul Addison, *The Road to 1945 – British Politics and the Second World War*, (London, Jonathan Cape, 1975) p. 16 and Roger Eatwell and Anthony Wright, 'Labour and the Lessons of 1931', *History*, 63, 207 (1978) p. 43.

<sup>412</sup> Thorpe, *A History of the Labour Party*, p. 83, Worley, *Labour Inside the Gate*, p. 153.

<sup>413</sup> Worley, *Inside the Gate*, p. 153.

<sup>414</sup> Worley, *Labour inside the Gate*, p. 155.

<sup>415</sup> Riddell, 'The Age of Cole', p. 957.

during 1930s has been noted, due in part to the reduced size of the Parliamentary Labour Party.<sup>416</sup> Riddell states how Walter Citrine, General Secretary of the Trade Union Council argued that because the Trade Unions created the Labour Party they should have full involvement in policy formation.<sup>417</sup> He suggested that through the National Council of Labour the trade unions could directly influence the policy of the Labour Party, and argued that during the 1930s this had a steadying influence on the Labour left.<sup>418</sup> Within this context, what influence could the Co-operative Party exert on the development of the Labour Party policy?

The events of 1931 prompted the Co-operative Party to reflect on their policy and purpose as illustrated by their pamphlet *The Crisis of 1931*.<sup>419</sup> This pamphlet proposed a greater co-operative identity in politics, suggesting that the 'individuality of the Co-operative Party should be more clearly and forcibly expressed'.<sup>420</sup> It outlined that this did not mean a break with the Labour Party, but that the Co-operative Party must devise more clearly a distinctive co-operative contribution to political policy and express it effectively.<sup>421</sup> This reflected the fact that the movement was beginning to look to the Co-operative Party as the instrument of their political ambitions.<sup>422</sup>

It is important to note here that an examination of Co-operative Party records reveals that work on a clear political programme did in fact pre-date the 1931 crisis.<sup>423</sup> Although the crisis coincided with the publication of the *Britain Reborn* policy statements, work had started on production of these policy documents in 1930.<sup>424</sup> A Joint Meeting of the

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<sup>416</sup> Worley, *Labour inside the Gate*, p. 153.

<sup>417</sup> Riddell, Neil, 'Walter Citrine and the British Labour Movement, 1925-1935', *History*, 85, 278 (2000) p. 299.

<sup>418</sup> Riddell, 'Citrine', p. 305.

<sup>419</sup> Co-operative Union, *The Crisis of 1931 – being a statement of policy adopted by the national committee of the Co-operative Party during the financial and political crisis of August and October 1931*, (National Co-operative Publishing Society, 1931).

<sup>420</sup> Co-operative Union, *The Crisis of 1931*, p. 19.

<sup>421</sup> *Ibid*, p. 19.

<sup>422</sup> *Ibid*, p. 20.

<sup>423</sup> Co-operative Union Minutes/ Co-operative Party, 4 November 1930.

<sup>424</sup> Co-operative Party, *Britain Reborn: No 1 Power and Fuel, Britain Reborn: No 2 Transport, Britain Reborn: No 3 The Countryside, Britain Reborn: No 4 Buy British, Britain Reborn: No 5 Men and Money, Britain Reborn: No 6 Work for All*, (Co-operative Union, 1931).

Executive Committee of the Co-operative Party and the Parliamentary Group met in November 1930 to discuss the Party's attitude to Free Trade and Protection, a key political issue of the time, and one which directly affected the business interests of the movement. At this meeting it was proposed that a revised programme for the Co-operative Party be drafted, containing positive proposals from the co-operative movement for a practical solution of the unemployment problem and reconstruction on co-operative lines.<sup>425</sup> The meeting discussed that, although the Party remained opposed to tariffs, simply advocating Free Trade was 'not an effective weapon to deal with existing economic crises'.<sup>426</sup> In a subsequent meeting, Mr Hall, a member of the Party Executive highlighted that this programme needed to be a statement on the Party's attitude to immediate problems.

The new political programme was communicated through a series of colourful pamphlets entitled *Britain Reborn*. The *Britain Reborn* series of pamphlets were headlined as 'a series of pamphlets explaining the policy of the Co-operative Party for grappling with the unemployment evil and for starting the deliberate building of the Co-operative Commonwealth'.<sup>427</sup> Seven pamphlets were published in total, plus a summary of them all printed in 1934. The pamphlets, which were bright, colourful and appealing, dealt with a range of subjects including Power and Fuel, Transport, The Countryside, Buy British, Men and Money, Work for All and Civic Ideals. Carbery described the *Britain Reborn* series as so inconsistent and vague that they were 'embarrassing in their naivety'.<sup>428</sup> Yet the content of these pamphlets would form the basis of the Co-operative Party's economic policies until 1945 and should not be dismissed purely by their lack of distinctly co-operative content. As will be illustrated throughout this chapter their content symbolises how the Co-operative Party was limited by various organisational factors in developing detailed policy statements. It will

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<sup>425</sup> Co-operative Union Minutes/ Co-operative Party, 4 November 1930.

<sup>426</sup> Co-operative Union Minutes/ Co-operative Party, 4 November 1930.

<sup>427</sup> This statement was on the frontispiece of each pamphlet.

<sup>428</sup> Carbery, *Consumers*, p. 37.

also argue that Co-operative Party policy, as epitomised in the *Britain Reborn* series represented one aspect of the range of political opinion which existed in the broader labour movement.

The report of the Co-operative Party to Congress in 1932 outlined how the pamphlets 'are excellently compiled, well-illustrated and have created a widespread impression', adding that they were 'invaluable to speakers, students and others who are anxious to secure the most up-to-date information upon the leading problems of the day'.<sup>429</sup> It was clearly intended that these pamphlets be used in a practical way to encourage policy discussion at local level. The General Election of 1931 provided an opportunity for this newly written policy to be tested with the Co-operative Party manifesto of 1931 boldly stating 'Capitalism must give way to Co-operation'.<sup>430</sup> A speech by A. V. Alexander, at Queens Hall in London in October 1931, emphasised the distinct and practical contribution the co-operative movement offered through this new political programme.<sup>431</sup> This speech was one of many within a series of conferences organised by the Co-operative Party in the autumn of 1931 to promote and publicise their programme. Alexander's speech reflected the policy outlined in the *Britain Reborn* pamphlets, with him lobbying for state control of power, fuel and transport.<sup>432</sup> However, Alexander's speech did not contain anything distinctly co-operative in terms of how co-operative methods should be used to reshape the economy, and instead echoed the Labour Party's 1931 election manifesto, *Labour's call to action*, which also called for the national ownership and control of power, transport and iron and steel.<sup>433</sup> Alexander needed to represent in his speeches not only the point of view of the Co-operative Party but also the Labour Party, as he was elected on the dual identity of Co-operative and Labour. Thus for practical electoral reasons could the policy of the Co-operative

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<sup>429</sup> *Co-operative Congress Report*, (1932) p. 100.

<sup>430</sup> Co-operative Party Executive Committee minutes, 16 June (1931) Co-operative Party, *The Crisis of 1931*, Appendix I, Co-operative Party General Election Manifesto, (1931) p. 32.

<sup>431</sup> CC/AVAR 12/4-Speeches/Queens Hall, London 2 October 1931.

<sup>432</sup> Speech by A. V. Alexander, Queens Hall, London 2 October 1931/CC/AVAR 12/4-Speeches.

<sup>433</sup> *Labour Party Manifesto 1931: Labour's call to action*, available at <http://www.labour-party.org.uk/manifestos> accessed 23 May 2014.

Party be expected to offer a different message to that of the Labour Party? Did the *Britain Reborn* series therefore reflect not only a need for unity within the co-operative movement but also a need for unity across the wider Labour movement? In 1929 Barnes stated that;

'Trade Union and Socialist opinion has dwelt mainly on State and Municipal action to obtain our ends, whilst Co-operative thought has placed its reliance on voluntary methods. The work of the Co-operative Party is to bridge the gap between the two, and to show that the State, the Municipality and the Co-operative Movement can each play their part in creating the Co-operative Commonwealth.'<sup>434</sup>

Did then, the Co-operative Party bridge this gap Barnes described, and advocate a co-operative contribution to the policy debates regarding both state and municipal ownership during the 1930s?

### **Co-operative Party Policy: Advocating a Co-operative Commonwealth?**

Although the *Britain Reborn* pamphlets are clear evidence of an attempt by the Co-operative Party to define their policy, an analysis of the content of these does indicate that the extent to which these pamphlets embodied co-operative ideas of ownership and control is limited. Whilst the frontispiece of each pamphlet outlined that they explain 'the policy of the Co-operative Party for grappling with the unemployment evil and for starting the deliberate building of the Co-operative Commonwealth', their content arguably does not articulate distinctly co-operative methods of ownership.

*Britain Reborn: No 1 Power and Fuel* advocated the 'establishment of a National Power Board to acquire all electricity and gas undertakings in Great Britain, and to organise, extend, and develop them into a unified and nationalised power and lighting authority with the primary object of providing the community with the cheapest and most efficient service that scientific knowledge and engineering can contrive'.<sup>435</sup> It also stated that coal was immediately ready for nationalisation, as 'systematic advanced planning can only come when the whole of the power and fuel resources of the national are

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<sup>434</sup> *Co-operative Party Conference Report*, 1928 (Jan) p. 6. Barnes.

<sup>435</sup> Co-operative Party, *Britain Reborn: No 1 Power and Fuel*, p. III.



consolidated under national ownership and subject to unified administration'.<sup>436</sup>

Similarly *Britain Reborn: No 2 Transport* proposed a 'unified and nationalised transport authority' to acquire all railways, canals, air services and public road services'.<sup>437</sup> It stated that this was necessary as it was 'manifestly futile to rely on unification and co-ordination establishing themselves in the absence of public ownership'.<sup>438</sup> *Britain Reborn: No 5 Men and Money* also advocated the public ownership of the Bank of England.<sup>439</sup> There is nothing distinctly co-operative in terms of methods of ownership advocated in these three pamphlets, with all proposing that national boards be established to control these nationally owned services. Whilst this still represented collective ownership there were none of the key principles of co-operation, such as voluntary association or consumer/worker/producer controlled boards proposed in these policies.

The consumer identity of the Co-operative Party was adhered to in *Britain Reborn: No 4 Buy British*, which outlined proposals for avoiding tariffs and consequently reducing prices for the consumer, reflecting the growing concern felt within the co-operative movement regarding the impact of tariffs and trade rings both on their trade and the consumer.<sup>440</sup> The emphasis on consumers in this pamphlet affirms the role embodied by the Co-operative Party to support consumers yet there was nothing distinctly co-operative about this pamphlet – it did not offer a co-operative solution to the problems of wholesale, distribution and retail – despite these being key to the identity of the British co-operative movement.

*Britain Reborn: No 3 The Countryside* was the exception to the rule and this pamphlet proposed 'to apply co-operative methods, first to the marketing of agricultural produce; and then to whole process of raising, marketing, manufacturing, and distributing food

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<sup>436</sup> *Ibid*, p. 32.

<sup>437</sup> Co-operative Party, *Britain Reborn: No 2 Transport*, p. III.

<sup>438</sup> *Ibid*, p. 22.

<sup>439</sup> Co-operative Party, *Britain Reborn: No 5 Men and Money*, p. III.

<sup>440</sup> Co-operative Party, *Britain Reborn: No 4 Buy British*.

products'.<sup>441</sup> This pamphlet is the only one in the *Britain Reborn* series which advocated use of co-operative methods in the restructuring of the Party, although did not give much detail as to how this would work in practice. Furthermore, the agricultural policy of the Co-operative Party articulated in this pamphlet, as shall be explored later in this chapter, was contested by both the Co-operative Union and the Labour Party.

Peter Shea, an active co-operator, commenting upon the *Britain Reborn* series in the 1950s remarked that 'more emphasis was laid upon the socialisation of nationalisation than upon the socialism inherent in the Co-operative Movement itself'.<sup>442</sup> However he added that this was 'of course necessary at this time'.<sup>443</sup> Therefore, although the *Britain Reborn* series of pamphlets can be criticised for not containing a clear co-operative message of ownership, Shea writing only twenty years after their publication illustrated how the content of these pamphlets reflected the political culture of the Co-operative Party at that time. For example the seventh pamphlet, *Civic Ideals*, stated that the national and municipal proposals framed in these pamphlets were designed to promote the maximum measure of unity between the co-operative, trade union and labour movements.<sup>444</sup> Moreover, it outlined how 'it directs the right use of political power by indicating the type of services that first should be brought under public ownership' and 'describes the services that can be developed more rapidly and better on a Co-operative plan'.<sup>445</sup> A summary of the pamphlets published in 1934, outlined these distinctions stating how coal, oil, gas, electricity, railways, public road services, air services and waterways would all be brought under state and municipal control, that the Bank of England would be a publicly owned corporation and that there would be producer and consumer co-operative agencies for agriculture.<sup>446</sup>

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<sup>441</sup> Co-operative Party, *Britain Reborn: No 3 The Countryside*, p. IV.

<sup>442</sup> Peter Shea, *Times Past*, p. 26.

<sup>443</sup> *Ibid.*

<sup>444</sup> Co-operative Party, *Britain Reborn: No 7 Civic Ideals*, (1932) p. 49.

<sup>445</sup> *Ibid.*

<sup>446</sup> Co-operative Party, *Britain Reborn – Work and Wealth for All – A Summary of the Britain Reborn Series* (1934) pp. 4-5.

Therefore, Co-operative Party policy at the beginning of the 1930s complemented the policy of the Labour Party by advocating that key industries and services, such as power and transport, should be nationalised. Although the *Britain Reborn* series made notional comments about the role of the co-operative movement in the restructuring of agriculture, the pamphlets as a whole did not provide a clear blueprint for a society arranged on co-operative lines. This is further evident in 1933 a resolution was passed at the Co-operative Party conference which stated:

'The object of the Co-operative Party is the establishment of a co-operative commonwealth, wherein the means of production shall be collectively owned, and wherein the co-operative movement shall function as the medium for the provision of the personal and domestic requirements of the community.'<sup>447</sup>

Moving this resolution, T. E. Williams of Royal Arsenal Co-operative Society, stated that the purpose of this resolution was to focus attention on the role the movement could play in a collectivist state – hence the emphasis on 'personal and domestic'.

Whilst this resolution was 'heartily accepted' by the whole conference there was no discussion on its detail and the distinctions between the various forms of collective ownership. In this respect, whilst calling for a co-operative commonwealth, this resolution is not arguing for a radically alternative approach to that of the Labour Party in this period. This is unsurprising given that its mover, T. E. Williams, was part of the Royal Arsenal Co-operative Society which identified closely with the Labour Party – and due to their affiliation to the Labour Party, Williams was a member of the Labour Party's National Executive Committee.

From this we can conclude that although the *Britain Reborn* series signified a positive attempt by the Co-operative Party to define a political programme, the series did lack a distinct co-operative policy. Equally a clear co-operative interpretation of collective ownership was absent, even in Co-operative Party conference resolutions which called for a 'co-operative commonwealth'. It is for this reason that Carbery has described this period as 'the wasted years', in which he argued that more time on policy had been

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<sup>447</sup> *Co-operative Party Conference Report*, (1933) p. 24.

necessary 'to argue the case for co-operative forms of social ownership to complement nationalisation'.<sup>448</sup>

### **A Co-operative Exercise Amongst Co-operators? Limitations on the Development of a Distinctly Co-operative Policy.**

The following discussion will consider why a distinctly co-operative policy on ownership did not emerge. It will illustrate that the policy of the Co-operative Party, as articulated in *Britain Reborn*, reflected an overwhelming desire for unity, not only with the Labour Party, but within the wider co-operative movement. The formation of policy was not a straightforward exercise for the Co-operative Party and they faced some key challenges in determining the content of their political programme. As outlined in chapter one, the Party was constituted to reflect the views of the movement and final authority on policy remained with Co-operative Congress, not within the Party. Thus, policy was decided by co-operators who may not necessarily have been supporters of co-operative political action, and represented a range of political opinions. As illustrated in chapter two, this need for autonomy was the fundamental reason the Co-operative Party could not, and did not affiliate nationally to the Labour Party. Developing these arguments, this section will explore how the size and diversity of the co-operative movement and the layers of political function entrenched in the federal structures, as illustrated in chapter one, proved a challenge to the development of a coherent political policy. Recent work on the Labour Party has included the co-operative movement as just one influence in the 'Broad Church of Labour'.<sup>449</sup> However the co-operative movement itself represented a 'broad church' of political opinion both beyond and within the labour movement.<sup>450</sup>

A detailed analysis of the Co-operative Party Conference Reports throughout the period illustrates that the content of the *Britain Reborn* pamphlets aroused some

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<sup>448</sup> Carbery, *Consumers*, p. 37.

<sup>449</sup> M. Worley (ed.) *The Foundations of the British Labour Party; Identities, Cultures and Perspectives, 1900-1939*, (Surrey, Ashgate, 2009).

<sup>450</sup> Stewart, 'A Party within a Party', p. 137.

discussion amongst members of the Party. The main point of contention was the type of nationalisation that these pamphlets espoused. Fred Longden, a Co-operative Parliamentary candidate for the Birmingham Co-operative Party, voiced his concern at the 1933 Party Conference that the methods suggested in *Britain Reborn* for the planning of public ownership and control may 'lead to the thwarting of voluntary co-operation and the founding of a new capitalism'.<sup>451</sup> Longden clarified that he was not objecting to the Party's programme but just asking for a reconsideration of the methods implied'.<sup>452</sup> Likewise another delegate wanted the Party to be more specific in regard to the constitution of 'National Boards'.<sup>453</sup> In response, Barnes stated that 'the whole conception and philosophy behind the Co-operative Party programme is that the boards should be controlled by democracies of consumers and producers through their representative bodies, like Parliament and local authorities'.<sup>454</sup> The *Britain Reborn* series had advocated that national boards would be created to manage the newly nationalised industries but had not outlined how these boards would be constituted, although Barnes appeared to indicate here that this would be through state or municipal control – not through voluntary co-operation.

At the following Party Conference in 1934 the subject of nationalisation and the *Britain Reborn* series was raised again by Mr Wheeldon, who stated he was aggrieved that the Executive Committee had not, as promised in the last Conference discussed methods of ownership in *Britain Reborn* with them.<sup>455</sup> Wheeldon further added that he believed that Barnes' nationalisation was different from theirs'.<sup>456</sup> Longden reiterated this point stating that 'the party is demanding the old fashioned nationalisation', whereas he wanted something more inspiring for the youth, bigger and better than what the programme contained.<sup>457</sup> Barnes responded stating that he had met with the

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<sup>451</sup> *Co-operative Party Annual Conference Report*, (1933) p. 30.

<sup>452</sup> *Ibid.*

<sup>453</sup> *Co-operative Congress Report*, (1933) p. 453.

<sup>454</sup> *Ibid.*

<sup>455</sup> *Co-operative Party Annual Conference Report*, (1934) p. 12.

<sup>456</sup> *Ibid.*

<sup>457</sup> *Ibid.*, p. 11. He argued that enlightened capitalism was offering more to the workers of the time.

Birmingham Party as agreed and had specifically outlined to them that public ownership meant full and complete nationalisation'.<sup>458</sup> This emphasis on nationalisation was again resonant of the concurrent development of Labour Party policy, in which common ownership as embodied in Clause 4 of their constitution, was interpreted as being achieved through state control and economic planning.

Longden stated that he was keen to ensure that Co-operative Party policy statements on nationalisation should not reflect the Morrisonian model epitomised in the London Transport Bill.<sup>459</sup> The Morrisonian model, which would form the basis of the post war nationalisation programme, did not embody worker or co-operative control but instead appointed specialist boards to the operation of nationalised industries. Clarifying why the Co-operative Party did not offer in its policy an alternative structure to this form of nationalisation and control, Barnes stated that he was keen to establish a measure of agreement on these political questions within the movement before the Party committed to a policy.<sup>460</sup> Barnes made it perfectly clear that he had to consider the structural factors of the co-operative movement when working out political forms, suggesting that it was the co-operative movement control over the policy of the Party which was inhibiting a more defined approach.<sup>461</sup>

Thus the issue of how these nationalised industries would be structured, a factor upon which the Labour Party was not always wholly agreed, divided opinion within the co-operative movement as well. Equally, Longden, who had been the Co-operative–Labour MP for Birmingham Deritend from 1929 to 1931 and was re-elected in the 1945 General Election represented both the Co-operative Party and the Labour Party – and

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<sup>458</sup> *Co-operative Party Annual Conference Report*, (1934) p. 12.

<sup>459</sup> Longden's concerns over *Britain Reborn* reflect his earlier criticism of the London Transport Bill. On the second reading of the London Transport Bill on March 23<sup>rd</sup> Longden (then a Co-operative MP) expressed the view that the measure instead of leading to nationalisation, would lead away from it, criticising the measure on the grounds that it did not suggest any means of giving the workers the right to interfere when their labour conditions were affected. This was recorded in Co-operative Party, *Work at Westminster – Activities of the Co-operative MPs during the sessions of 1931*, (Co-operative Union, 1932) p. 5.

<sup>460</sup> *Co-operative Party Annual Conference Report*, (1934) p. 12.

<sup>461</sup> *Co-operative Party Annual Conference Report*, (1934) p. 12. This discussion was on finance.

his views regarding nationalisation in these debates offer an alternative to mainstream.<sup>462</sup> A pamphlet written by Longden in 1935 illustrates Longden's views on the relationship between co-operation and labour, and thus explains his approach which was at odds with the leadership of the Co-operative Party during the 1930s.<sup>463</sup> In this pamphlet he outlines his views on the crucial differences between co-operation and labour but concludes that a 'formation of a grand Tripartite' would ensure that socialists, trade unionists and co-operators would all work together to promote their common ideal and individual needs.<sup>464</sup> Longden was therefore opposed to working more closely with the Labour Party, as this would be to the detriment of co-operative methods yet he still desired overall a more equal alliance which would be of benefit to all the identities contained within the labour movement.

The concerns of Longden and the Birmingham delegates at Co-operative Party conferences over the nationalisation policies in *Britain Reborn* therefore also reflected a frustration with the approach of the Party Executive, as they believed that the inherent conservatism of these policies failed to capture the imagination of people. However, the diversity of the co-operative movement and the apathy of its leadership in promoting distinct co-operative methods beyond immediate business interests, as will be discussed later in this chapter, meant that it was not easy to formulate a policy which would meet the expectations of the entire movement. Consequently, it can be argued, deliberately vague, arguably safe policies on ownership and control were taken forward by the Co-operative Party in the 1930s.

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<sup>462</sup> See for example Fred Longden, *Why a Feud between Co-operation and Labour*, (Staffordshire Area Co-operative Party, 1935). (Teesside Archives U/GPI/11/40). This pamphlet outlines Longden's views on the crucial differences between co-operation and labour but concludes that a 'formation of a grand Tripartite' would ensure that socialists, trade unionists and co-operators would all work together to promote their common ideal and individual needs. P. 23. Longden was therefore opposed to working more closely within the Labour Party, and following their interpretation of collective ownership though believed an equal alliance would be of benefit to all the identities within the labour movement.

<sup>463</sup> Fred Longden, *Why a Feud between Co-operation and Labour*, (Staffordshire Area Co-operative Party, 1935). (Teesside Archives U/GPI/11/40).

<sup>464</sup> *Ibid*, p. 23.

In these circumstances how could the Co-operative party expect to influence the policies of the Labour Party if they themselves were not fully conversant with ideas regarding co-operative ownership? Moreover the emphasis Barnes as a party leader placed on 'nationalisation', and not co-operative ownership was perhaps not only due to his personal commitment to this policy, epitomised during the 1945 Labour Government in which he was responsible for the drafting of the Transport Bill which incorporated the board model of control, but reflected also the lack of an agreed co-operative alternative at this stage.<sup>465</sup>

This examination of Co-operative Party conference reports also revealed that creating an environment of unity and cohesion regarding policy was important, due to the Party's political relationship with the Labour Party as well as reflecting their need to work within the Labour Party's electoral machine. What this further indicates is that the structural arrangements in which the Co-operative Party operated further limited the role and function of their Party Conference. Not only did conference have no final authority over policy, it was open to all within the movement, regardless of political inclination, and debate regarding potentially contentious issues of policy was stifled amongst delegates. Barnes as Chairman of the Party took on a leader role at Conference, acting as an intermediary in the wider debates until he retired from this position in 1946. Another key player at Co-operative Party Conferences was Albert Ballard, who would ultimately take on the role as Chairman of the Party in 1955. At the 1932 Party Conference, Ballard outlined the municipal policy of the Party, and stated that the 'programme was really getting down to the difference between the Co-operative Party and the Labour Party – not a difference in point of view, but a difference in contribution in the experience co-operators could make to the problem of municipal social problems'.<sup>466</sup> The first clause of this municipal policy, regarding democratic control created discussion amongst delegates, with one Bristol delegate

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<sup>465</sup> Barnes as Minister of Transport was the architect of the Transport Act of 1947 which nationalised the railways using the board model.

<sup>466</sup> *Co-operative Party Conference Report*, (1932) p. 26.



outlining that if the Labour Party brought a similar bill to London Transport Bill, (which had been based on expert board control) then the Co-operative Party and the movement must oppose it. In support of this, Mrs Ganley from the London Co-operative Society, rallied Conference 'that if we agree with a principle then we should work for it'.<sup>467</sup> Yet delegates from the Royal Arsenal Co-operative Society and Manchester and Salford Co-operative Society, noted that they were concerned that this would put the co-operative movement at odds with the wider labour movement.<sup>468</sup>

Diplomatically, Barnes advised that the adoption of this policy would not lead to differences with the Labour Party as, if a problem did arise, negotiations would take place and a friendly solution would be worked out.<sup>469</sup> This illustrates the intermediary role taken on by Barnes as Party Chairman, and how he underplayed these 'minor' differences regarding issues of control and ownership to facilitate a smoother relationship with the Labour Party. The Co-operative Party represented a movement based upon voluntary, democratic control and this was integrated into the structure of their business. Members of co-operative societies, voted in by other co-operators, represented the needs of their society from local store level to Co-operative Congress making decisions affecting the business as appropriate. The policy discussed in 1932 advocated co-operative control of municipal boards and was therefore representative of an integral part of the ideology of the movement. However Barnes, for a number of politically motivated reasons, did not allow Conference to dwell on this crucial ideological point of difference between municipal and co-operative methods, arguably because dwelling on it represented a potential for division with the wider labour movement. Ballard retorted to Barnes that 'the folly of the Co-operative Party was that it was always apologising and wondering who they were going to offend'.<sup>470</sup> This observation from Ballard is extremely significant as it illuminates the inherent weakness

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<sup>467</sup> *Co-operative Party Conference Report*, (1932) p. 26.

<sup>468</sup> *Co-operative Party Conference Report*, (1932) p. 29.

<sup>469</sup> *Co-operative Party Conference Report*, (1932) p. 29.

<sup>470</sup> *Co-operative Party Conference Report*, (1932) p. 30.

of the Party, trying to please both the co-operative movement and the Labour Party, to the detriment of its own identity. Nevertheless this debate signals that there were emerging differences between Co-operative and Labour ideology, particularly regarding the forms of ownership. It also reveals the diverse range of opinion within the Co-operative Party regarding policy, with some local Party organisations, notably the Manchester and Salford and Royal Arsenal more closely identifying with the Labour Party than others.<sup>471</sup>

This delicate balance between promoting co-operative ideology and maintaining a political relationship with the Labour Party was also evident at the 1935 Co-operative Party Conference. A resolution from the Co-operative Men's Guild advocated that the Party seek a scheme with the Labour Party in which only co-operative societies could import or distribute milk, and that this scheme be adopted into the Labour Party programme.<sup>472</sup> Moving this resolution Mr Holland stated 'we have to make it clear that the distributing structure under the socialist state was the one that the co-operative movement has built up' and argued that whatever happens to ownership, the co-operative movement must retain control.<sup>473</sup> This resolution signifies a clear awareness amongst some members of the Co-operative Party, and in this case also members of the Co-operative Men's Guild that the unique control offered by the co-operative movement could be lost to state controlled socialism. As Trentmann has argued 'milk served as the showcase for co-operative economics, and for many organized consumers offered practical proof that the movement could reform political economy without state assistance'.<sup>474</sup> Moreover, this resolution also reflected the need

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<sup>471</sup> Manchester and Salford and Royal Arsenal Co-operative Societies were notably in many Party Conference debates more pro-Labour Party than other societies and were the societies which move a resolution for direct affiliation to the Labour Party at the 1945 Co-operative Party Conference.

<sup>472</sup> *Co-operative Party Conference Report*, (1935) p. 41.

<sup>473</sup> *Ibid*, p. 42.

<sup>474</sup> Trentmann, 'Milk, Bread and Democracy', p. 152.

to both protect and promote co-operative business interests as by 1939 co-operatives had over a quarter of the national milk market'.<sup>475</sup>

The advancement of this argument at Conference suggests that there was both a desire and expectation from co-operators to influence Labour Party policy, particularly regarding the control of industries in which the co-operative movement had significant business interests. However, the debate sought here by the Men's Guild never materialised. Barnes, again acting as mediator, requested that the Guild not press the resolution at this stage citing that there was machinery established with the Labour Party in which this issue was already being discussed and 'while our objective is yours, this type of resolution would cut across the procedure the National Co-operative Authority has arranged with the Labour Party'. He further added that 'it would not be fair to the Labour Party to ask them to incorporate a resolution of this kind into their Party programme at this stage'.<sup>476</sup> Barnes' objections to this resolution reaffirm the lack of authority the Co-operative Party had in forming policy, as negotiations with the Labour Party regarding policy over specific political issues which affected the business of the movement were in fact in this period conducted by the National Co-operative Authority. The Guild, upon an understanding that the Executive agreed in principle with the resolution, withdrew the resolution without further discussion.<sup>477</sup> What this illustrates again is the fact that political discussions regarding the role of the co-operative movement in a socialist society were being undermined by the constitutional and organisational structure in which the Co-operative Party operated.

Thus, at Co-operative Party conferences, a supposedly democratic arena where subscribing societies, parties and affiliated organisations were invited to send delegates to discuss policy, debate was stifled in order not to disrupt top level discussions between the Labour Party and the co-operative movement. The

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<sup>475</sup> *Ibid.*

<sup>476</sup> *Co-operative Party Conference Report*, (1935) p. 42.

<sup>477</sup> *Co-operative Party Conference Report*, (1935) p. 42.

Co-operative Party was left on the periphery of policy making, suggesting that both the co-operative movement and the Labour Party viewed its role and function as purely administrative in terms of achieving representation. This top down approach to policy making is seemingly at odds with the principles of democratic control entrenched in the co-operative movement. Gurney suggested that one reason discussions over policy were purposefully avoided was to play down divisions in policy so as to avoid embarrassment to those local parties working together.<sup>478</sup> However, the consequence of this was that at this formative time in the development of the economic policies of the Labour Party, the Co-operative Party in restricting this open debate was curbing the potential they had to make a positive co-operative contribution to the Labour Party programme.

Furthermore, the desire and difficulty in achieving unity on policy within the co-operative movement was problematic, as Barnes' response to a delegate's question at the 1941 Party Conference illustrates. The delegate asked whether there would be an effort to achieve unity with the Labour Party on their policy of post war reconstruction, to which Barnes replied:

'You know from experience when we dealt with Britain Reborn that before we actually make a programme public we have to take into consideration the views of all other bodies in the Co-operative Movement, and finally get it approved by Congress.'<sup>479</sup>

Barnes further outlined that in regard to unity with Labour Party, the co-operative movement felt that agreement was needed first on co-operative side before sharing with Labour Party colleagues.<sup>480</sup> Consequently, the policy of the Co-operative Party was often more contested within the co-operative movement than by the Labour Party – and this was a primary reason why it did not offer a co-operative alternative to the Labour Party in this period.

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<sup>478</sup> Gurney, 'Labor's Great Arch', p, 156.

<sup>479</sup> *Co-operative Party Annual Conference Report*, (1942) p. 12.

<sup>480</sup> *Ibid.*

Interestingly what emerges from this examination of Co-operative Party conference reports is that although conference may not have publicly and democratically facilitated discussion regarding potential points of conflict in the policies of the Labour Party and the Co-operative Party, discussions did take place between the co-operative movement and the Labour Party regarding issues of political policy. As Barnes' response to the Co-operative Men's Guild resolution in 1935 regarding milk supply and distribution illustrates, one of the key reasons this resolution was blocked was that consultation with the Labour Party on this issue was already taking place outside the scope of the Co-operative Party. An examination of Co-operative Congress reports reveal that negotiations were instead led by an Agricultural Policy sub-Committee of the National Co-operative Authority.<sup>481</sup> Although the Co-operative Party was represented on the National Co-operative Authority, the grass roots activists of the Co-operative Party represented at Co-operative Party conferences still remained disengaged from discussions regarding the policy of the Party. Instead, decisions affecting policy, which Party members would be expected to promote and implement in their locality, were not always made openly and democratically but behind closed doors.

The formation of the National Co-operative Authority in 1932 affected the policy making of the Co-operative Party as both participated in co-operative politics and co-operative policy and thus created competing roles. In addition to taking over the organisational negotiations between the Co-operative Party and the Labour Party in 1938, the National Co-operative Authority also took over functions we may have expected the Party to fulfil, in attempting to influence the policy of the Labour Party. For example in 1939, the Authority reported to Co-operative Congress that 'we are endeavouring, and with some success, to impress upon the Labour Party the fact that the consumer is a factor in political philosophy that requires more consideration than so far they have been disposed to give him'.<sup>482</sup> The report added that they were still faced with the

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<sup>481</sup> The National Co-operative Authority's report to Congress in 1935 outlined these discussions. *Co-operative Congress Report*, (1935) p. 74.

<sup>482</sup> *Co-operative Congress Report*, (1939) p. 463.

difficulty as to whether certain trades should be carried on by co-operative societies, municipalities or by joint arrangements between the two, and that this ultimately represents the vital difference in their ideologies.<sup>483</sup> To an extent this suggests that debates regarding the role of the co-operative movement in Labour Party policy were taking place, however the focus of these was on the short-term trade interests of the existing co-operative movement. Thus, the Labour Party and the National Co-operative Authority were not engaged in a broader debate about where co-operative ideas of ownership would fit into the Labour Party's broader vision of socialism at this point, reflecting the inertia of the co-operative movement to ideological discussions beyond their immediate trading remit. Furthermore, it was not the Co-operative Party as the political party for the movement which acted as a broker for these negotiations, neither was the content of these negotiations discussed in any detail at Co-operative Party Conferences. This emphasised not only the relative lack of influence the Co-operative Party had over its policy, but also its ability to promote a positive political vision for the co-operative movement with the Labour Party.

### **Labour Party Responses to Co-operative Party Policy**

This section will examine in further detail policy discussions between the Co-operative Party and the Labour Party during the 1930s. If the National Co-operative Authority conducted policy discussions with the Labour Party on behalf of the Co-operative Union, then did the Labour Party and the Co-operative Party consult on issues of policy at all? The Joint Committee of the Labour and Co-operative Party, which comprised members of each Party's executive, was heavily concerned with organisational issues during the 1930s as illustrated in chapter two.<sup>484</sup> However, the earlier minutes of this committee initially indicate that through this committee the Co-operative Party and Labour Party did consult on policy. The minutes record that in March 1931, the Co-operative Party submitted its draft programme for consideration. At this point the

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<sup>483</sup> *Co-operative Congress Report*, (1939) p. 463.

<sup>484</sup> Joint Committee of Labour Party and Co-operative Party, 1925-1939/LPA/LHASC.

National Agent of the Labour Party drew attention to certain features of the programme which departed from their policy outlined in *Labour and the Nation* and advised that the Labour Party would report back at the following meeting.<sup>485</sup> It was resolved however at the subsequent meeting that these differences did not affect the programme of the Labour Party, with the exception of agriculture which was already in hand.<sup>486</sup> Therefore, even when differences in policy were noted between the two Parties, reconciling these extended beyond the remit of this committee which serves to reinforce its administrative purpose. From 1931 there were no further mentions of policy in the minutes of this committee, which in part reflected the organisational problems which dominated, but also was because the Co-operative Party was left on the periphery of discussions regarding policy, particularly after the creation of the National Co-operative Authority in 1932.

An examination of the Labour Party conference reports provides an alternative perspective on their policy relationship with the co-operative movement. At the 1932 Labour Party conference, it was reported that the *National Planning of Agriculture* report was the work of an ad hoc committee 'which has had the advantage of consultation with representatives of the Co-operative Party'.<sup>487</sup> It was noted however, that they had yet to reach total agreement on the aspect of Import Boards, but were still working on an agreement as they desired 'that when we go to the country, we go as a united Party representing all sections'.<sup>488</sup> In this respect, the Labour Party viewed the Co-operative Party as a section of their political organisation, as at this point the leadership was still hopeful for direct affiliation as the debates regarding this had yet to peak. At the Labour Party conference the following year it was reported that agricultural policy had still not been finalised, although this was not the fault of the Labour Party but because there was no agreement within the co-operative section. There was again an

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<sup>485</sup> Joint Committee of the Labour Party and Co-operative Party, Minutes, 18 March (1931).

<sup>486</sup> Joint Committee of the Labour Party and Co-operative Party, Minutes, 16 June (1931).

<sup>487</sup> *Labour Party Annual Conference Report*, (1932) p. 50.

<sup>488</sup> *Ibid*, p. 244.

emphasis on unity in policy to prevent division later as the report states how complete agreement was needed so that when it came to framing Bills they would not have 'to sit down and thrash out details'.<sup>489</sup>

This was clearly a desire by the Labour Party to get agreement and subsequently support from the co-operative movement for its agricultural policy. However, this was made more difficult because the agricultural policy of the co-operative movement was a contested issue not only with the Labour Party but within the co-operative movement. The co-operative movement represented a large agricultural interest, as farmers, producers and consumers and the varying priorities of these caused tensions. This explains why the co-operative movement had a vested interest in shaping the agricultural policy of the Labour Party as the focus of the movement was in food retail with staples like milk and bread accounting for a significant portion of the national trade.<sup>490</sup>

The discussions between the two movements regarding agriculture demonstrate that the co-operative movement enjoyed some success in influencing Labour Party policy in the early 1930s, evident by the report of the National Co-operative Authority to 1936 Congress which recorded that on the issue of agriculture, Labour and Co-operative ideas were not as divergent as they had thought twelve months ago.<sup>491</sup> Therefore, avenues for discussion on political policy existed between the Labour Party and the co-operative movement when needed. These decisions affected the policy of the Co-operative Party even though they were absent as an organisation from these discussions. In contrast to Manton, who cited the issue of agriculture and in particular Labour's Agricultural Marketing Act of 1931 as a way to illustrate the divisions between the co-operative and labour movement, this evidence demonstrates that the Labour Party sought to achieve agreement with the co-operative movement on agricultural

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<sup>489</sup> *Labour Party Annual Conference Report*, (1933) p. 50. The issue that they were unable to reach agreement on was Import Boards.

<sup>490</sup> Gurney, 'Interwar', p. 907.

<sup>491</sup> *Co-operative Congress Report*, (1936) p. 73.



policy when tensions arose.<sup>492</sup> This arguably reflected a wider aim from the Labour Party in 1932 to create a unified organisation, in which the co-operative movement was an affiliated section and not a separate political organisation. As chapter two indicated, the continued development of the Co-operative Party was the antithesis to what the Labour Party desired in terms of political organisation during the 1930s – as the Labour Party did not see the co-operative movement as an opponent but part of the wider working class identity which their politics embodied.

The engagement between the co-operative movement and the Labour Party on agricultural policy remains, however, an exception. A detailed analysis of the Labour Party conference reports for the period 1931 to 1945 reveals few other references to the co-operative movement, with the exception of reporting on the ongoing organisational difficulties with the Co-operative Party.

The few references to co-operation in the conference reports include a 1931 resolution on trade in which it was stated that;

‘As stated in *Labour and the Nation*, the Labour Party regards Co-operation as an indispensable element in the Socialist Commonwealth and looks forward to the time when it will include every member in the community. Labour will work in the fullest alliance with co-operators, will take constant counsel with them in elaborating its policy and will utilise their long experience and specialised knowledge to build the new social order.’<sup>493</sup>

Taken in isolation, this statement could be viewed as a promising indictment of the extent to which co-operative methods of ownership could have featured in Labour Party policy. However, even at this early juncture, it was clear that the extent to which co-operative methods would be included in any economic re-organisation was limited. William Graham, President of the Board of Trade in the 1929 to 1931 Labour Government, in moving this resolution noted that ‘there is undeniably a variety of views as to the part that Co-operation should play’.<sup>494</sup> Graham described the co-operative movement as an overwhelmingly consumer orientated movement, which was entering

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<sup>492</sup> Manton, ‘The Labour Party and the Co-op’, p. 765.

<sup>493</sup> *Labour Party Conference Report*, (1931) p. 195.

<sup>494</sup> *Ibid.*

to an increased extent into productive industry, indicative of the development of the Co-operative Wholesale Society in this period.<sup>495</sup> This changing role appeared to be a concern to Graham, who emphasised that, in consultation, the co-operative movement would need to find its place in the transition to public ownership and control.<sup>496</sup> Despite being mentioned within the resolution there was no real mention of the role of the co-operative movement in the ensuing discussion. Yet the language used in this resolution is telling - on one hand it is paying lip-service to the relationship between the co-operative and labour movements, placing emphasis on their unity stating that [co-operative] 'principles of mutual aid are at heart identical with those of the Labour and Socialist movement'.<sup>497</sup> On the other hand however there appears to be a recognition that co-operative ideas did not fit neatly into Labour Party economic policy which could be problematic.

Another intervention was heard in the following year at the Labour Party Conference, when T. E. Williams, a member of the Royal Arsenal Co-operative Society on the Labour Party Executive Committee from 1931 to 1936, and later Director of the Co-operative Wholesale Society, in seconding a resolution on the economic policy made an appeal for support for the co-operative movement.<sup>498</sup> He stated that 'during the Conference we have been discussing large questions of policy, but these questions will have to be determined and decided to a large extent upon national lines'. However, he argued that through the co-operative movement they could establish a larger measure of democratic control than they had ever had in the history of the country, exuberantly stating that 'if they can do that with retail trade then what can they do with every industry in the country' and that 'there is no better propaganda organ than that of the Co-op Movement, which has in every city and town, and practically every village a local store'.<sup>499</sup> Williams appealed to the conference to make the alliance of the trade

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<sup>495</sup> For details of the Co-operative Wholesale Society's expansion in this period see Wilson (et al) *Building Co-operation*, pp, 180-186.

<sup>496</sup> *Labour Party Conference Report*, (1931) p. 198.

<sup>497</sup> *Labour Party Conference Report*, (1931) p. 198.

<sup>498</sup> *Labour Party Conference Report*, (1932) p. 199.

<sup>499</sup> *Ibid.*

unions, the labour movement and the co-operative movement a real alliance, not only in word but an alliance in reality. This was a stunning advocacy of the role that that co-operation could play in the economic policy of the Labour Party, yet William's words appeared to have little impact for the conference delegates and were largely ignored in the subsequent debates.

This absence of a distinct co-operative voice at Labour Party conferences can be partly explained by their organisational isolation as the structure of the electoral alliance meant that the Co-operative Party was not represented on the National Executive Committee of the Labour Party and did not send delegates to the Party conference.<sup>500</sup>

The exception here was the Royal Arsenal Co-operative Society who through their direct affiliation to the Labour Party was able to maintain the seat reserved for affiliated socialist societies on the National Executive Committee. Yet this influence was only minimal as, although the Royal Arsenal Co-operative Society represented co-operative interests, they were equally sympathetic to the Labour Party in terms of policy development. Furthermore as illustrated above, when T. E. Williams, the Royal Arsenal Co-operative Society member on the National Executive Committee did mention the co-operative movement this had little influence on the conference. This inability to directly influence Labour Party policy via Party Conference was one of the key arguments put forward by co-operators who advocated that the Co-operative Party should directly affiliate to the Labour Party.<sup>501</sup> In addition, the Labour Party also suggested that affiliation would enable the Co-operative Party to have more influence on its policy. In a memo to the Labour Party and Co-operative Party members of the Joint Committee, the Labour Party outlined how affiliation would not destroy the power of an affiliated organisation to seek modifications in party policy, as the Labour Party

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<sup>500</sup> For the first time in 1939 the co-operative movement were invited to present a fraternal message at the Labour Party Conference – this signalled a greater unity between the two movements.

<sup>501</sup> See *Co-operative Party Conference Report*, (1945) pp. 53-63 for the full debate on affiliation to the Labour Party and the arguments presented by those proposing it.

conference 'presents an unequalled opportunity to swing the whole movement at the back of a common policy such as no Joint Committee could ever hope to obtain'.<sup>502</sup>

The attitude of the co-operative movement to wider engagement in politics is also responsible for this lack of engagement with the Labour Party on policy issues during the 1930s. A recurring theme which emerges throughout the period under review is that the co-operative movement only appeared to engage in discussions of policy with the Labour Party when it had a direct impact upon their business, the prime example being agricultural policy as demonstrated above. This insular attitude was exemplified by the movement's decision to decline an invitation to join the National Council of Labour in 1935, as discussed in chapter two.<sup>503</sup> Although the official response given at Congress by the National Co-operative Authority to the declining of this invitation was that 'many of the matters considered [on the National Council of Labour] are outside the interests of the Co-operative Movement', it also added that they would welcome means of consultation on issues affecting co-operative trade and any other subjects which the movement had special interests in.<sup>504</sup> However, on the same page of the National Co-operative Authority's report, there was an update on how discussions regarding agriculture were progressing with the Labour Party.<sup>505</sup> Surely this reflected the need for co-operators to increase potential avenues of consultation on policy in contrast to remaining on the periphery of the Labour Party. This indicates that the movement at this stage had no interest in broader discussions of policy which did not directly affect their movement, and did not get involved with broader ideological discussions about the co-operative commonwealth. This is emphasised by the 'ten year plan' formulated by the Co-operative Union and the CWS in 1934, which took a business-like approach to increasing the strength of the movement through trade and membership targets by

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<sup>502</sup> Joint Committee of the Labour Party and Co-operative Party/Memo 20 December 1938.

<sup>503</sup> *Labour Party Conference Report*, (1935) p. 141.

<sup>504</sup> *Co-operative Congress Report*, (1936) p 71.

<sup>505</sup> *Ibid.*

the centenary of the Rochdale Pioneers in 1944, but did not dwell on the role that co-operative methods of ownership could have in new areas.<sup>506</sup>

The lack of co-operative influence in the policies of the Labour Party was evident in 1937, when they published *Labour's Immediate Programme* and outlined the socialist measures they would implement within one term of government.<sup>507</sup> This represented the culmination of the policy development of the Party that had been taking place from 1932 and advocated the nationalisation of the Bank of England, coal, gas, electricity, land and transport, and economic planning as well as an commitment to social reforms such as improving education, welfare and the health service.<sup>508</sup> At the Co-operative Party conference in 1937 Barnes outlined how 'in its main principles of action it corresponds to the Co-operative Party's One Parliament Programme adopted in 1933 and published as the *Britain Reborn* set of pamphlets'.<sup>509</sup> Thus, there was an emphasis on the unity between *Labour's Immediate Programme* and the existing programme of the Co-operative Party which was vital in term of grass roots electioneering. Barnes highlighted two matters of immediate importance to the Co-operative Party in this programme – the repeal of penal taxation on co-operative societies and desire that the co-operative movement should play its part in the reorganisation of food supply (and eradicate the scandal of malnutrition).<sup>510</sup> *Labour's Immediate Programme* however contained no mention of the role co-operative methods of control and ownership could play in the re-organisation of the economy because of the limitations discussed and yet crucially it was this programme which formed the manifesto for the 1945 Labour Government.

The main priority during the 1930s for the Co-operative Party, the co-operative movement and Labour Party was creating an appearance of unity. When debates surfaced which highlighted potential divisions over their views on ownership and

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<sup>506</sup> Wilson, *Building Co-operation*, pp. 196-197.

<sup>507</sup> Worley, *Labour inside the Gate*, p. 194.

<sup>508</sup> *Ibid.*

<sup>509</sup> *Co-operative Party Annual Conference Report*, (1937) p. 10.

<sup>510</sup> *Co-operative Party Annual Conference Report*, (1937) p. 7.

control, these were often put aside, or discussed in a non-threatening way. This was due to several organisational and constitutional factors including the political alliance with the Labour Party, limitations on the Co-operative Party's creating and discussing policy, the lack of available platforms for policy discussion between the movements, and the inertia of the co-operative movement towards discussing political policy beyond their immediate business remit.

### **External Challenges to Policy Development.**

This section examines what broader factors, outside the co-operative and labour movements, contributed to the political culture in which the Co-operative Party operated during the period 1931 to 1945. In examining the interwar period, Gurney argued that 'powerful political forces and cultural trends worked against the universalising ambition of co-ops'.<sup>511</sup> He cites the issue of taxation, boycotts by private manufacturers and 'ongoing and vicious attacks' on the principle of dividend by the *Daily Mail* and *Daily Express* as evidence of hostility to the movement.<sup>512</sup> Elsewhere Killingback has demonstrated that during the 1930s co-operative societies were attacked on two fronts; through a political campaign by small shopkeepers and action taken by private enterprise to attack mutual trading.<sup>513</sup> Combined with these personal attacks on the co-operative movement, working class people, who represented the bulk of the membership of the co-operative movement also suffered throughout the 1930s, a decade of high unemployment and rising consumer prices. Moreover the entire country was confronted with growing tensions internationally throughout the 1930s, culminating in the outbreak of the Second World War. Consequently, the policy development of the Co-operative Party was affected by various external factors which created a political need to work with, and emphasise unity with the wider labour movement.

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<sup>511</sup> Gurney, 'Interwar', p. 907.

<sup>512</sup> Peter Gurney, 'Co-operation and the 'new consumerism' in interwar England', *Business History*, 54/6 (2012) pp. 907-908.

<sup>513</sup> Neil Killingback, 'Limits to Mutuality: Economic and Political Attacks on Co-operation during the 1920s and 1930s', in S. Yeo (ed.) *New Views of Co-operation*, (1988) p. 204.

From the Labour Party defeat in 1931 until the Labour Party victory in 1945 the Co-operative Party remained on the periphery of Parliamentary politics, with only one MP in the 1931 to 1935 Parliament, and only nine between 1935 and 1945. This was in part due to the poor performance of Labour generally, but also reflected a general lack of co-operative Parliamentary candidates.<sup>514</sup> This significantly limited the extent to which the Co-operative Party could protect or promote co-operative interests in Parliament. Juxtaposed to this there was a significant amount of legislation hostile to the aims of the co-operative movement implemented during the 1930s, including the decision to tax co-operative reserves in 1933 and the National Defence Contribution imposed in 1937.<sup>515</sup> It was highlighted by A. V. Alexander at the 1933 Co-operative Congress that William Leonard, the sole Co-operative MP, was faced with the most difficult task in protecting and promoting the movement even though many co-operators had not even voted for his point of view.<sup>516</sup>

The extent to which this lack of representation impeded the ability of the Co-operative Party to protect co-operative business interests was mostly felt when the Finance Act of 1933 imposed income tax on the surplus of co-operative societies. The decision by the National Government to impose this tax, demanded by opponents of co-operation, was hugely unpopular with co-operators who viewed this tax as undermining the mutual aspect of co-operation. Thus, as explored in the chapter one, this issue consumed the energies of the Co-operative Party, and the wider co-operative movement who campaigned vigorously for its repeal. The 'Penal tax' was the primary issue upon which the Co-operative Party and the movement appealed to the electorate and in particular members of co-operative societies during the 1935 General Election campaign.<sup>517</sup> Campaign literature also focused on the National Government and opposition to their tariff and trade policies which detrimentally affected the consumer

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<sup>514</sup> The negotiations between the Co-operative Party and the Labour Party were vital to getting new candidacies approved locally.

<sup>515</sup> Wilson (et al) *Building Co-operation*, p. 189.

<sup>516</sup> *Co-operative Congress Report*, (1933) p. 110.

<sup>517</sup> *Co-operative Congress Report*, (1935) p. 451.

whilst bolstering up private enterprise.<sup>518</sup> The campaign therefore was not fought on an advancement of co-operative ideas but on protection of both the movement and the consumer against the hostile National Government.<sup>519</sup> This developed the Co-operative party's identity as the only political party which represented consumers.

The Labour Party also pledged to repeal the tax in their election mandate demonstrating solidarity with the co-operative movement on this issue.<sup>520</sup> This was an astute political move by the Labour Party as the Co-operative Union subsequently advised societies to organise and vote on behalf of the Labour candidate (where there was no Co-operative-Labour candidate) for the first time in its history.<sup>521</sup> Although the co-operative movement needed to remain independent from the Labour Party in terms of political organisation, the Labour Party's support on this crucial matter was clearly enough for the leadership of the co-operative movement to back the Party as a whole. On one hand this, as chapter two suggested, illustrated one of the mutual benefits gained by Labour Party from their political alliance with the Co-operative Party. However, what this further indicates is that the Labour Party was sympathetic to the business needs of the co-operative movement and did to some extent value the alternative business model it embodied. Overall this co-ordinated response to the tax issue demonstrates that in face of external threats the co-operative movement, the Co-operative Party and the Labour Party could work together to oppose hostile anti-co-operative and pro-capitalist legislation.

Evidence from contemporaries affirm the sense of hostility which was experienced by many in the movement during the 1930s. For example at the 1935 Co-operative Party Conference, a resolution from R. Murray, director of the Scottish Co-operative Wholesale Society stated; 'Our co-operative movement has had to face the threat and

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<sup>518</sup> Election leaflet from Gibson, 1935/ Papers relating to the 1918, 1922 and 1935 General Elections/CPY/9/7/1. The headline of this of this pamphlet states the 'National Government has failed'.

<sup>519</sup> *Co-operative Party Conference Report*, (1936) pp. 11-12.

<sup>520</sup> *Labour Party Conference Report*, (1933) p. 210

<sup>521</sup> *Co-operative Party Conference Report*, (1936) p. 11.



the violence of the income tax, the threat and the violence of the marketing schemes, the threat of licensing our shops and the organisation of industry'.<sup>522</sup> In the face of these external attacks it is not surprising that the movement, and consequently the Co-operative Party looked to the Labour Party for support and presented an image of unity, even if the short-term consequence of this was to the detriment of developing a clear co-operative political policy. This is aptly summarised in a quote taken from the 1939 Party Conference which stated:

'Whatever the domestic differences may be between the Co-operative Party and the Labour Party, they are infinitesimal compared with our wholehearted opposition to this vile National Government, which stands in the way of Democratic Progress, stands in the way of the Co-operative Movement and stands in the way of every progressive working class movement.'<sup>523</sup>

The changing international situation also deeply affected the policy direction of the Co-operative Party as the increasing threat of war from 1935 onwards dominated both the Labour Party and Co-operative Party conference proceedings. Thus the omnipresent threat of war meant that debates regarding ownership and control were put to one side and again emphasis was placed on unity between the Co-operative Party and Labour Party. Issues such as re-armament, food controls, peace policies and the possibility of a United Front were all discussed at length at Co-operative Party conferences. These debates are not considered within the scope of this thesis as they represent a different type of policy debate to that surrounding ownership and control, yet suffice to say that there were many conflicting opinions and ideas that intersected across the whole of the labour and co-operative movement, and that these emotive issues dominated the hearts and minds of Party activists, MPs and Party leadership.

### **The Impact of the Second World War on Co-operative Party Policy.**

The outbreak of the Second World War in 1939 had significant implications for the entire co-operative movement. From this point the Co-operative Party leadership made it clear that 'meaningless controversies' were to be shelved and unity with the Labour

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<sup>522</sup> *Co-operative Party Conference Report*, (1935) p. 15.

<sup>523</sup> *Co-operative Congress Report*, (1939) p. 467. Quote from Mr F. W. Leeman of Nottingham.

Party was paramount.<sup>524</sup> This was reflected by negotiations between the National Co-operative Authority and the Labour Party being postponed in 1939 and also by the Co-operative Party's adherence to the wartime electoral truce.<sup>525</sup> This message was clearly conveyed by Barnes in his Chairman's speech at the 1941 at Party Conference. He stated;

'The Co-operative Party has made its contribution to national unity, and I ask the delegates to this conference to be worthy of the great practical movement they represent, by keeping the urgency of this problem before them during the debates, so that differences of opinion and judgment fit in proper perspective with the overriding need for unity of purpose in prosecuting the war to a successful end.'<sup>526</sup>

This emphasis on unity was also arguably reflected in the decision by the Co-operative Union to join the National Council of Labour as a permanent and equal member in 1941.<sup>527</sup> This move opened another platform where the three wings of the Labour Movement could meet to discuss policy and signified a greater interest from the co-operative movement in politics. Was this a channel that the Co-operative Party could use to influence? A survey of the minutes of the National Council of Labour in the period 1941 to 1945 does not reveal any significant policy discussion with regard to a specific co-operative contribution to issues surrounding ownership and control, even though for example the nationalisation of the coal industry was discussed at length. The main issue which dominated the co-operative movement's contribution was discussions regarding opposition to the Purchase Tax and overall the co-operative representatives certainly brought a consumer and retail focus to the council.<sup>528</sup> There was a co-ordinated response agreed to the publication of the Beveridge report which illustrates a level of discussion between all the member bodies of the National Council of Labour regarding important aspects of future policy.<sup>529</sup> The co-operative movement

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<sup>524</sup> *Co-operative Party Annual Conference Report*, (1940) p. 11.

<sup>525</sup> *Co-operative Congress Report*, (1945) p. 3. The decision to postpone was taken at a meeting of the National Co-operative Authority in September 1939.

<sup>526</sup> *Co-operative Party Annual Conference Report*, (1941) p. 4.

<sup>527</sup> National Council of Labour Minutes/Constitution, 1941/LPA/LHASC.

<sup>528</sup> 'Typical' contributions of the co-operative movement at a meeting included, food controls, shopping difficulties and occupational clothing. National Council of Labour/ Minutes/18 October 1941.

<sup>529</sup> National Council of Labour /Minutes/24 November 1942.

attempted to present a united picture on other policy matters with the other members of the council; for instance in 1943 it was suggested that in view of the Co-operative Party's interim report on post war reconstruction that the time had arrived to co-ordinate the reconstruction proposals with the Labour Party and Trade Union Congress.<sup>530</sup> They were advised however that this was not possible as the Labour Party still had many issues to decide on in their reconstruction sub-committees.<sup>531</sup> These sub-committees now held a more important policy role, emphasising the relative decline in importance of the National Council of Labour as a policy making body for the Labour Party.

The Co-operative Party, representing perhaps the most politically active aspects of the co-operative movement, was becoming increasingly aware of the potential role that co-operative methods could play in the post war restructure of the economy. This is evident at the 1944 Co-operative Party conference where a resolution was passed which emphasised 'the vital need for Co-operative Economy as the guiding principle for the 'new world'. This resolution instructed that the Party executive get acceptance with the Labour Party and from the National Council of Labour on the pursuance of this principle as 'practical socialism'.<sup>532</sup> Mr Paling, from the Doncaster Party, who moved this resolution emphasised that in his 30 years in the labour movement little serious attention had been given to the propagation and discussion of co-operative economy, stating that co-operation was the only really practiced socialism in Britain but the Labour Party failed to recognise this.<sup>533</sup> Discussing this resolution one delegate suggested that this required a re-orientation of co-operative principles as a guide for practical socialism and clearer definition of the co-operative movement's role in a democratic state — something which had never been attempted before.<sup>534</sup>

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<sup>530</sup> National Council of Labour Minutes/27 July 1943.

<sup>531</sup> National Council of Labour Minutes/27 July 1943.

<sup>532</sup> *Co-operative Party Conference Report*, (1944) p. 49.

<sup>533</sup> *Co-operative Party Conference Report*, (1944) p. 49.

<sup>534</sup> *Ibid*, pp-49-50. He states that the description of the post-war reconstruction programme as an interim report recognises the fact that co-operation has yet to define itself.

One potential reason for this increased awareness of the contribution that co-operative ideas could make to the restructuring of the economy stemmed from the co-operative movement's experience during the Second World War, which in contrast to that of the First World War bolstered the movement's confidence. The strength of the movement and its value to consumers upon the outbreak of war was evidenced by the sheer number of people who signed up to their local co-operative store for their rations. The Central Board's Report at the 1940 Co-operative Congress highlighted;

'Popular backing for the co-operative cause was never greater than present. Our registrations in the three main rationed commodities:- sugar 13  $\frac{3}{4}$  millions; Butter 12  $\frac{1}{4}$  millions; and bacon, 11  $\frac{1}{4}$  millions; prove the loyalty of our membership and trade, in spite of the limitations of rationing and supply difficulties.'<sup>535</sup>

This, combined with their foray into Parliamentary politics arguably contributed to their improved experience of war and as Barnes claimed in 1940 'the co-operative movement has only to contrast its experience now with that of 1914 to 1918 to realise the value of Co-operative Party representation'.<sup>536</sup> One particular cause for concern during the First World War had been lack of co-operative representation on both local and national food control committees – yet as Barnes noted the movement had by 1940 'secured co-operative representation on all the commodity controls, central and local, that affect our business'.<sup>537</sup> Furthermore, throughout the Second World War there was a particular emphasis on the special contribution played by the nine Co-operative MPs on issues surrounding food controls as evidenced in a Co-operative Party pamphlet.<sup>538</sup> The pamphlet stated that the 'knowledge and experience of the country's food requirements give the Co-operative Members' views on food restrictions considerable weight in the House'.<sup>539</sup> This pamphlet also outlined how Barnes, as a Front Bencher and Alexander, as a member of wartime Government also contributed to debates on re-construction, welfare and military issues which arguably not only gave

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<sup>535</sup> *Co-operative Congress Report*, (1940) p. 6.

<sup>536</sup> *Co-operative Party Conference Report*, (1940) p. 17.

<sup>537</sup> *Ibid.*

<sup>538</sup> *Co-operative Party, Towards a Better Britain – A Review of the Work of the Co-operative MPs during the Parliamentary Year 1942-43*, (Co-operative Union, 1944).

<sup>539</sup> *Ibid.*, p. 11.

Co-operative politicians significant experience of Government but also raised the political profile of the movement.<sup>540</sup> At the 1946 Co-operative Congress it was reported that 'the statistical section of this volume shows how the co-operative movement continues to advance and has emerged satisfactorily from the stress of war'. One example used to illustrate this was the increase in co-operative membership by one million between 1938 and 1945.<sup>541</sup> The improved position of the Co-operative Wholesale Society and the contributions it made to the war economy are also discussed in *Building Co-operation*, reinforcing the improved experience of the movement generally in comparison with the First World War.<sup>542</sup> Overall, it can be concluded from the above that by 1945 the co-operative movement, despite the difficulties of war, had made positive contributions to wartime politics and experienced the benefits of participation in politics. As the following chapter will examine, this was one reason which arguably changed their attitude towards the development of a distinct co-operative policy. A 1944 Co-operative Party conference resolution to pursue co-operation as practical socialism was indicative of an awakening, particularly within the Co-operative Party, to advocate a co-operative alternative to economic problems.<sup>543</sup>

## Conclusions

This chapter argues that the policy of the Co-operative Party did not offer a co-operative alternative to the Labour Party's policies on nationalisation during this period. On the contrary it has been demonstrated that the economic policies of the Co-operative Party were remarkably similar to those of the Labour Party throughout the period 1931 to 1945. Whilst this undoubtedly contributed to the subsequent marginalisation of co-operative methods from the programme of the 1945 Labour Government, several other conclusions regarding the political relationship can be elicited from this. Firstly the policies of the Co-operative Party, as embodied in their

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<sup>540</sup> *Ibid*, p. 13.

<sup>541</sup> *Co-operative Congress Report*, (1946) p.v.

<sup>542</sup> Wilson (et al) *Building Co-operation*, pp. 210-214.

<sup>543</sup> *Co-operative Party Conference Report*, (1944) p. 49.

*Britain Reborn* series, did not offer a distinctly co-operative alternative to state forms of nationalisation for a combination of factors which centred on creating unity within the co-operative movement but also with the Labour Party. Representing part of the broader labour movement the co-operative movement contained a range of political opinion, much of which associated closely with the Labour Party. Barnes is a key example of these dual identities and he, as Party Chairman, played a crucial role in curbing potentially fractious policy debates at Co-operative Party conferences. The political alliance and ongoing organisational discussions with the Labour Party during the 1930s also meant that an overarching emphasis on policy cohesion was crucial in terms of the Co-operative Party achieving Parliamentary Representation. Yet Co-operative Party policy also arguably represented a level of consensus of the basic first steps for socialism within the wider labour movement. Crucially however the co-operative movement had minimal business interests in the major industries that both the Labour Party and Co-operative Party advocated nationalisation of, and this contributed to this consensus.

Secondly what this chapter has illustrated is that the structure of the organisational relationship between the Co-operative Party and the Labour Party meant that the Co-operative Party remained on the periphery of the Labour Party and could not contribute directly to the development of Labour Party policies. This was further complicated by the gradual incursion of the Co-operative Union, via the National Co-operative Authority, into policy discussions directly with the Labour Party, undermining the need, in this respect, for the Co-operative Party. Yet the extent to which the movement could influence the Labour Party remained limited, not only because of constitutional factors but mainly due to their reluctance to get involved in policy discussions with the Labour Party that did not directly impinge on their business. For example they were keen to seek agreement on agriculture as this was a major trade and business interest for the movement but did not look beyond the immediate business interests of the movement in politics. In contrast the Co-operative Party,

which arguably had a broader political outlook than the movement, had no authority to act on policy within the Co-operative Union, or in conjunction with the Labour Party.

Did then this period represent as Carbery contested the 'wasted years' in which too much time was spent on organisation to the detriment of working out a co-operative contribution to policy? In the most literal sense, yes this was a fair assessment – as the Co-operative Party did not begin to offer a programme that was radically different to the Labour Party in this period. However, when the wider political culture in which the Co-operative Party was operating is considered the picture that emerges is more nuanced. Developing a political alliance with the Labour Party, and building up the grass roots organisation of the Co-operative Party was vital for the development of the Party as an organisation. It was also these priorities that enabled the election of Co-operative MPs which was the primary function of the Co-operative Party. The need for increased representation in Parliament had been emphasised by the challenging environment in which the co-operative movement operated in the 1931 to 1945 period, which although presenting barriers to policy development, necessitated unity with the Labour Party to protect co-operative interests in Parliament.

The experience of the co-operative movement during the Second World War however, perhaps led to a realisation by the Co-operative Party and the co-operative movement of the potential contribution co-operation could make in politics and the overall value of involvement in the wider political arena, epitomised by the Co-operative Union's decision in 1939 to finally join the National Council of Labour. However at this stage the framework of policies which would be enacted by the Labour Government in 1945 had already been developed, and co-operative methods of ownership, unsurprisingly did not feature in it.

## **CHAPTER 4: Towards a Co-operative Commonwealth? Defining the role of the co-operative movement in the Labour Party's New Jerusalem, 1945-1951.**

The end of the Second World War and the election of a majority Labour Government signalled a positive change in 1945 for the Co-operative Party and the wider co-operative movement. It was a welcome break from the political challenges which had beset the movement during the 1930s. Furthermore, in spite of some of the devastating effects of the war, it was illustrated in the previous chapter that the co-operative movement's experience during the war had strengthened its political ambitions. Consequently, the formation of a Labour Government in 1945 marked exciting prospects for the movement, illustrated by an article in the *Co-operative Review*.<sup>544</sup> This article was optimistic in that the 'end of the war and the return of Labour Government with full power will mean new horizons for the Co-operative Movement' and moreover a 'real opportunity for co-operative development in the new Britain'.<sup>545</sup> Gurney has also emphasised this optimism in his assessment of the movement in the post-war period, in which he stated: 'At the end of the World War II, the members, of the British co-operative movement were in a buoyant mood', later adding that the movement had hoped to benefit directly from the Labour Party being in power.<sup>546</sup>

Despite this optimism, Gurney and others have indicated that these expectations were not fulfilled and in fact the co-operative movement during the period of Labour Government remained politically isolated.<sup>547</sup> As the introductory chapter outlined, this isolation was marked by the marginalisation of the co-operative ideas in Labour Party policies, as well as the exclusion of representatives of the co-operative movement from

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<sup>544</sup> *Co-operative Review*, (August, 1945).

<sup>545</sup> *Co-operative Review*, (August, 1945).

<sup>546</sup> Gurney, 'Battle of the Consumer', p. 960 & p. 963.

<sup>547</sup> Manton, 'The Labour Party and the Co-op', Robertson, *The Co-operative Movement*, p. 122, Gurney, 'The Battle of the Consumer', pp. 965–966.



public bodies such as the Economic Planning Board.<sup>548</sup> The apparent political isolation of the movement has been summarised in recent history of the Co-operative Wholesale Society which stated 'there was a real absence of strong political support for co-operative ideas when most needed'.<sup>549</sup>

The crucial question which runs throughout this thesis is why the co-operative movement remained a peripheral influence on the Labour Party despite their political alliance. Yet whilst historians have addressed this marginalisation, none have focused on the Co-operative Party as a political organisation. For example, Manton has argued that the co-operative movement was not consulted by the Labour Party, neither were co-operative methods embraced in their policies regarding retail distribution and wholesaling in the post war period.<sup>550</sup> Although Manton makes a persuasive argument as to why this was the case, his dismissal of the contribution made by the co-operative movement, representing a significant business interest as well as organised body of consumers is problematic. However, Manton is exploring the wider debates within the Labour Party with regard to these issues and his focus is not the co-operative movement. This chapter will depart from Manton, by exploring the reasons behind this peripheral influence from within the confines of the political relationship between the Co-operative Party and the Labour Party.

Furthermore, by addressing the policy of the Co-operative Party and co-operative movement in this period, a new perspective will be added to existing analysis of the tensions within the Labour Party regarding their policy development from 1945. Again, as detailed in the introductory chapter, there is a consensus amongst historians of the Labour Party, that by 1950 the Party was divided over the future aim and content of its nationalisation programme.<sup>551</sup> Equally, historians have recognised the level of

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<sup>548</sup> Rhodes, *Co-operative-Labour*, pp. 84-85.

<sup>549</sup> Wilson (et al) *Building Co-operation*, p. 208.

<sup>550</sup> Manton, 'Playing both sides', pp. 311-312 & Manton, 'The Labour Party', p. 274.

<sup>551</sup> McKibben, *Parties and People - England 1914-1951*, p. 175, Thompson, *Political Economy*, p. 152, Ellis, 'Letting it slip', p. 51, Thompson, *Political Economy*, p. 168, Francis, *Ideas and Policies*, p. 230.

opposition from outside the Labour Party for their future nationalisation programme. For example, Manton argued that opposition from vested business was one of the reasons that the nationalisation of wholesaling was not pursued.<sup>552</sup> The proposed nationalisation of sugar in 1949 resulted in a vigorous anti-nationalisation campaign led by Tate and Lyle, a large monopoly sugar refining corporation, who used cartoons of Mr Cube on their packaging proclaiming 'Tate not state'.<sup>553</sup> This chapter will illustrate how the discussions within both the co-operative movement and the Co-operative Party, can bring a new perspective to these debates from within the broader compass of the labour movement. This in turn, will demonstrate the plurality of ideological thought, particularly regarding forms of common ownership, within the wider labour movement.

To consider why the Labour Party did not embody co-operative methods of ownership in the post-war period, this chapter will firstly examine the responses of the Co-operative Party and the movement to the nationalisation schemes implemented by the Labour Government from 1945. Secondly this chapter will assess the response of the Co-operative Party and the co-operative movement to the Labour Party's proposals for a second term as outlined in *Labour Believes in Britain* in 1949. In particular this will consider the negotiations regarding the proposed nationalisation of industrial assurance and explore what these reveal about the relationship between the movements. Thirdly, this chapter will consider whether, as Carbery suggested, it was the Labour Party's plans to nationalise industrial assurance in 1949 which 'obliged' the Party to determine its stance on public ownership.<sup>554</sup> What other factors contributed to this development of a distinct co-operative policy on ownership, culminating in the publication of 'The People's Industry – A statement on social ownership, by the National Committee of the Co-operative Party' in 1951?<sup>555</sup> Fourthly, this chapter will

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<sup>552</sup> Manton, 'Playing both sides', p. 332.

<sup>553</sup> David Kynaston, *Austerity Britain, 1945-1951*, (London, Bloomsbury, 2008) p. 319.

<sup>554</sup> Carbery, *Consumers*, p. 162.

<sup>555</sup> Co-operative Party, *The People's Industry – A statement on social ownership, by the National Committee of the Co-operative Party*, (Co-operative Party, 1952).

consider the extent to which the structural limitations of the relationship between the Co-operative Party, co-operative movement and Labour Party contributed to the marginality of co-operative ideas – again using the proposal to nationalise industrial assurance as an example to illustrate this. Manton argues that the co-operative movement's case against nationalisation alienated many in the Labour Party because of its defence of the right of voluntary consumer co-operatives and language of the free market.<sup>556</sup> However, this chapter will consider why it was important for the co-operative movement to maintain its defence of voluntary co-operation. Was this defence ideological, a desire to protect co-operative business interests, or represent a combination of the two? Lastly, this chapter will examine whether by 1950 the Labour Party was beginning to take the political aspirations of the co-operative movement more seriously.

Whilst this chapter will not suggest that co-operative ideas were not marginalised by the Labour Party, it will argue that the responses and reaction of the Co-operative Party to Labour Party policy in the period 1945 to 1951 should be examined as a critique of the Labour Party's nationalisation programme. Francis has shown that co-operative models of ownership were actually discussed as an alternative method to the centralised board model of nationalisation in the late 1940s, indicating that co-operative methods of control were at least considered by the Labour Party.<sup>557</sup> He concludes that Labour Party policy makers and intellectuals did not support or pursue these ideas due to the perceived weakness of the co-operative management structure and partly because of the Labour Party's continued ideological commitment to state nationalisation.<sup>558</sup> However, did the fact that the Labour Party were considering co-operative methods indicate a closer political relationship between the movements?

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<sup>556</sup> Manton, 'Playing both sides', p. 311

<sup>557</sup> Francis, *Ideas and Policies*, p. 87.

<sup>558</sup> Francis, *Ideas and Policies*, p. 88.

## **Co-operative Responses to the Nationalisation Programme of the 1945 Labour Government.**

The General Election of 1945 was a huge success for the Labour Party who spectacularly defeated the Conservatives and gained their first majority government. This reflected a level of support for their 1945 Election Manifesto *Let us Face the Future*, which included nationalisation of key industries such as fuel, transport and the Bank of England plus implementation of the social reforms proposed by Beveridge in his 1943 Report.<sup>559</sup> The 1945 to 1951 period of Labour Government has attracted a significant amount of attention from historians and is widely recognised as one of the most successful administrations in the Party's history. Thorpe, for example, has asserted that 'the record of the Labour Government elected in 1945 was formidable' due to the introduction of significant social reforms, their programme of extensive nationalisation, maintaining full employment and playing a leading role in world politics.<sup>560</sup>

The Labour Party's victory equated success for the Co-operative Party: 23 Co-operative-Labour MPs were elected, the highest to date, making the Co-operative Party the third largest political party in Parliament. In addition to this electoral success, Co-operative MPs were also given prestigious positions in the new Labour Government headed by Clement Attlee. Alfred Barnes became Minister of War Transport (Minister of Transport from 1946) and A. V. Alexander who was again appointed First Lord of the Admiralty (later Minister of Defence). The efforts of the Co-operative Party in building up their organisation and membership, whilst maintaining and developing relationships with the Labour Party at constituency level, evidenced in chapter two paid dividends in the 1945 election when many previously safe Conservative seats were taken by the Labour Party.

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<sup>559</sup> Labour Party, *Let Us Face The Future: A declaration of Labour policy for the consideration of the nation*, (London, 1945). LHASC/LPA.

<sup>560</sup> Thorpe, *A History of the British Labour Party*, p. 114.

Speaking in 1949, Bailey, secretary of the Co-operative Party reflected that 'Labour has now almost completed the programme for which it received a mandate in 1945 ... fundamentally there was nothing novel about it. It merely put into legislation ideas and schemes which had been discussed for a generation.'<sup>561</sup> As demonstrated in chapter three, the nationalisation of transport, fuel, the Bank of England and the creation of a welfare state had been key tenets of Labour Party policy developed during the 1930s.<sup>562</sup> Beers has suggested that this programme of nationalisation, planning and social welfare, worked out in the 1930s, united the Labour Party during the war, and moreover, through the Labour party's media programme was effectively and attractively communicated to the public'.<sup>563</sup> Consequently, if co-operative policies were to be embodied in the 1945 Labour Party programme, it would have been essential that the Co-operative Party made a distinct contribution to the policy of the Labour Party during the 1930s.

However, as the previous chapters have demonstrated, the Co-operative Party was unable in the period 1931 to 1945 to make a specifically co-operative contribution to the policies of the Labour Party. The organisational structure in which the Co-operative Party operated meant policy making was a complex issue which involved balancing the business needs of the movement, the diversity of political opinion in the movement and management of an electoral alliance with the Labour Party. Consequently, the domestic and economic policy developed by the Co-operative Party during the 1930s, outlined in *Britain Reborn* and restated in their 1943 policy document *The World We Want*, is in fact strikingly similar to Labour Party domestic policy and, therefore, explicit in its support of the Labour Party programme.<sup>564</sup>

It is no surprise, then, that the election manifesto of the Co-operative Party in 1945 did not offer a radically different approach to the restructuring of the nation's economy than

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<sup>561</sup> Jack Bailey, *Power for the People*, (Co-operative Party Discussion Series, 1949) p. 9.

<sup>562</sup> Exemplified by *Labours Immediate Programme* (1937).

<sup>563</sup> Laura Beers, 'Labour's Britain, Fight For It Now', *The Historical Journal*, 25, 3 (2009) p. 693.

<sup>564</sup> Co-operative Party, *The World We Want*, (1943) & *Britain Reborn Series*, (1931).

that proposed by the Labour Party. The Co-operative Party's *We Make Tomorrow – Guard his Future* election manifesto of 1945, picturing a chubby smiling toddler on its cover, advocates the 'public control of the coal mines, transport and the Bank of England'.<sup>565</sup> Both also state that the public ownership of land is desirable.<sup>566</sup> Other similarities between the two manifestos include the call for the creation of a national health service, implementation of welfare reforms, maintaining international peace, creating full employment and increasing the nation's spending power and curtailing the restrictive practices of cartels and monopolies. There are some minor differences in detail, for example the Labour Party advocated the nationalisation of iron and steel, which is not mentioned by the Co-operative Party, and fuel in general, not just coal mining as specified by the Co-operative Party. In terms of a distinct co-operative contribution, the Co-operative Party did not give any specific examples, with the exception of agriculture, as to how co-operative ideology could contribute. Instead, a general reference was made as to how the movement's 'continued progress is essential to the fruitful association of free people', thus it is hardly surprising that the Labour Party's 1945 manifesto makes no mention of the co-operative movement's role in restructuring the economy.

The similarity between the two manifestos demonstrates a level of electoral expediency, as the electoral status of joint candidature meant it would have been unwise for the Co-operative Party to either contradict or offer something different to the Labour Party. This was even more pertinent following the change in organisation discussed in chapter two which meant Co-operative Party candidates now had to sign Labour Party standing orders and abide by the Labour whip in Parliament. However, it can also be argued that the correspondence between the manifestos also indicated that there was a substantial level of support from the Co-operative Party, and

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<sup>565</sup> NCA/ CP Publications 1944-1947/ Co-operative Party Election Manifesto, *We Make Tomorrow – Guard his Future*, (1945).

<sup>566</sup> Labour Party, *Let Us Face The Future: A declaration of Labour policy for the consideration of the nation*, (London, 1945). LHASC/LPA.

consequently the wider co-operative movement, for the Labour Party's proposed full employment policy, through the nationalisation of key industries. This was evident in a resolution passed at the 1945 Co-operative Congress, which urged for the return of a Labour and Co-operative Government to achieve 'full employment of the nation's manpower and resources and such public ownership and general direction of the economy that is necessary to achieve it'.<sup>567</sup>

This point has been addressed to an extent in the previous chapter, which highlighted that many co-operators, including political leaders such as Alf Barnes, identified closely with the Labour Party and adopted a statist approach to collective ownership – despite being active co-operators. Barnes' association with these ideals and the Labour Party was reflected by the fact he had led the debate on post war reconstruction in 1943 as a Front Bencher for the Labour Party, in which calls were made for the nationalisation of key industries and the finance of the country.<sup>568</sup> Moreover, as Minister of Transport, Barnes was directly responsible for the successful piloting of the Transport Act through Parliament in 1947. At the Co-operative Party Conference it was proudly reported that 'our colleague Alfred Barnes has claimed that the Transport Act is the greatest piece of socialist legislation ever carried through a democratically elected Parliament. We congratulate our colleague as the architect of this great measure'.<sup>569</sup> The Transport Act of 1947 was based on the Morrissonian board model that had been questioned by co-operators, such as Fred Longden during the 1930s – it was a co-operative measure in any sense. Furthermore Lord Rusholme, General Secretary of the Co-operative Union, was appointed to as one of the five members of the Transport Commission, which would oversee the implementation of this legislation, thus implying approval for the measure from within the wider co-operative movement.<sup>570</sup>

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<sup>567</sup> *Co-operative Congress Report*, (1945) p. 344

<sup>568</sup> Co-operative Party, *Your Co-operative MPs at Work – A review of the work of the Co-operative Parliamentary Group in the House of Commons. 1943-1944*, (Co-operative Union, 1944) Philip S. Bagwell, 'Barnes, Alfred John (1887–1974)', *Oxford Dictionary of National Biography*, Oxford University Press, 2004; online edn, Jan 2011

<sup>569</sup> *Co-operative Party Conference Report*, (1948) p. 11.

<sup>570</sup> *Co-operative Party Conference Report*, (1948) p. 15.

An article by C. W. Fulker, Secretary of the Parliamentary Committee, reflected that the mass of legislation passed during the first Parliamentary session had caused little concern for the movement and that in terms of future legislation there was no sign of clashes on any major points of principle.<sup>571</sup> There was a limited amount of attention and discussion regarding the nationalisation of coal, the Bank of England and transport at Co-operative Party Conferences and at Co-operative Congress during the 1940s, demonstrating a tacit support for these measures.<sup>572</sup> Equally, however, there was little legislation which directly affected the functioning of the co-operative movement, as these industries were viewed by the co-operative movement as essential national services.<sup>573</sup> Prior to 1945 there had, on occasions, been discussions regarding the divergent views on models of ownership, particularly in relation to existing co-operative trade interests as chapter three has illustrated. However, these tensions were often underplayed by the leadership of both Parties as being of no ideological significance but merely technical detail. An overall sense of unity existed between the Co-operative Party and Labour Party which was reflected in a general level of agreement on the aims for a first socialist government.

Therefore, the 'unquestioning support' Carbery states was shown by the Co-operative Parliamentary group for the nationalisation plans of the Labour Government of 1945, was due to the constraints of their electoral alliance, but arguably also represented political support for these aims from the co-operative movement.<sup>574</sup> The path of nationalisation implemented by the Labour Party had been mapped out before the outbreak of the Second World War and co-operative ideas were not represented largely because the co-operative movement had not contributed an alternative policy at this stage, and broadly agreed with the Labour Party on these first steps to socialism.

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<sup>571</sup> *Co-operative Review*, (December, 1946).

<sup>572</sup> A resolution passed at the Co-operative Party Conference in 1942 called that 'essential national services such as coal, transport, power and the provision of finance should be brought under public ownership and control'. *Co-operative Party Conference Report*, (1942) p. 16.

<sup>573</sup> The exception here is coal mining, for discussion see Robertson, *The Co-operative Movement*, p. 173.

<sup>574</sup> Carbery, *Consumers*, p. 162.



## **Co-operative Responses to the Labour Party's Proposals for a Second Term – from Nationalisation to Mutualisation of Industrial Assurance.**

This section will examine the responses of both the Co-operative Party and the co-operative movement to the emerging policies of the Labour Party, during the later 1940s. It will focus in particular on the Labour Party's proposal to nationalise industrial assurance, as this, it is argued, forced the co-operative movement to consider in more detail their policies on common ownership.<sup>575</sup> As Francis outlined 'difficulties arose over the Labour Party's plans for a second term when state ownership would be extended into trades where co-operative power was concentrated'.<sup>576</sup> The implementation of 'short term goals', such as welfare, social reform and nationalisation of key industries, which had commanded support across the labour movement, including the co-operative movement, had left the Labour Party by the late 1940s in a policy vacuum. For example, Toye has argued that although there was a level of basic accord within the Party on the 1945 election Manifesto, the rapid achievement of this by the late 1940s left the Labour Party in a quandary whether it should veer to the left or right.<sup>577</sup> Furthermore, this policy vacuum had implications on the policy development of the Co-operative Party, whose policy statements had also reflected the priorities of the Labour Party.

The Labour Party's plans for a second term were outlined in their policy statement, *Labour Believes in Britain* published in May 1950. This statement contained a new shopping list of industries which the Labour Party proposed to nationalise in a subsequent term of government, including industrial assurance, sugar, cement and meat wholesaling.<sup>578</sup> However, one of the major providers of industrial assurance was the Co-operative Insurance Society (CIS), which had been an integral part of the co-operative movement since 1867.<sup>579</sup> The nationalisation of industrial assurance as a

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<sup>575</sup> Carbery, *Consumers*, p. 162.

<sup>576</sup> Francis, *Ideas and Policies*, pp. 86-87.

<sup>577</sup> Toye, *The Labour Party*, p. 136 & p. 239.

<sup>578</sup> Labour Party, *Labour Believes in Britain*, (London, 1949).

<sup>579</sup> See R. G. Garnett, *A Century of Co-operative Insurance*, (London, Allen and Unwin, 1968) for a history of the Co-operative Insurance Society.

public authority would therefore result in the Co-operative Insurance Society being 'taken over lock, stock and barrel'.<sup>580</sup> This, and the general apathy shown by the Labour Party towards the co-operative movement in this policy statement, frustrated co-operators. Bailey commented in the Co-operative Party's *Monthly Letter* that there was nothing in this policy statement from the Labour Party which would either strengthen or promote co-operation, instead he concluded 'it points to the state as if it were the highest peak of organisation'.<sup>581</sup> It is clear to see why Gurney indicated that this incident brought tensions between the co-operative movement and the Labour Party to a head.<sup>582</sup>

The implications and potential consequences of this Labour Party policy statement on the co-operative movement were a focal point for discussion at the 1949 Co-operative Congress, which met shortly after its publication. Arguably the proceedings of this Congress provided the clearest political lead on policy relations with the Labour Party since the conception of the Co-operative Party, signalled by both a shift in the language used and the importance attached to this issue.<sup>583</sup> There was still an emphasis on unity between the Labour Party and co-operative movement, but overall the tone is less passive.<sup>584</sup> The preface to the proceedings of this Congress report for example state that 'friendly but nebulous references' to the co-operative movement in Labour Party policy may have been overlooked in the past, yet the subsequent proceedings indicate that as the Labour Party sought to extend their nationalisation programme, impinging on the movement's existing interests and potentially restricting their further development, the movement realised it needed to act.<sup>585</sup> Nevertheless, it soon became

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<sup>580</sup> *Monthly Letter*, (May, 1949) pp 5.

<sup>581</sup> *Monthly Letter*, (May, 1949) pp 6-8.

<sup>582</sup> Gurney, 'Battle of the Consumer', p. 965.

<sup>583</sup> *Co-operative Congress Report*, (1949). In the preface it summaries that the relationship between the co-operative movement and the Labour Party was deemed to be a key issue at this Congress.

<sup>584</sup> *Co-operative Congress Report*, (1949) p.349 – Mr Peddie speaking stated that 'we want no divisions at this at this stage. We are determined that there shall be no divisions. The enemies of Co-operation are the enemies of Labour'.

<sup>585</sup> *Co-operative Congress Report*, (1949) Preface.

clear that determining the role of the co-operative movement in a socialist state would be no easy task, as these remarks from T. H. Gill, President of Congress suggest;

'None of us will be prepared to submit to the conception of an all powerful corporate state. On the other hand we are satisfied that the ownership and control of the basic economy of the country must be in the hands of the nation. There is a vast territory in between, and it is necessary that we should know clearly how far public interest is to be protected still further by extensions of public control, and how far freedom will be possible for the co-operative movement to function and develop not only as a corrective to consumer exploitation, but also as a way of life to which people can adhere of their own free will.'<sup>586</sup>

Here Gill deftly summarises the ideological predicament which the co-operative movement was presented - it desired the common ownership and control of the nation's economy, but did not want a level of control which would eradicate the free will of the people as this would inhibit the development of the voluntary co-operative movement. Up until this juncture, the movement had been able to support the Labour Party's nationalisation plans as they had focused on universal services for all consumers, in which the movement had only negligible trade interests. As a result of these discussions a resolution was unanimously passed encouraging immediate negotiations to be sought with the Labour Party to allow for the development of the co-operative movement within a collectivist economy, to ensure that the 'co-operative method of voluntary organisation' was recognised as an integral part of the national economy.<sup>587</sup>

That Labour Party policy was a focal point of Co-operative Congress represented a major shift in terms of the political involvement of the Co-operative Union; as chapter three indicated, during the 1930s they had steered away from publicly getting involved in broad policy discussion with the Labour Party. On one hand this continued to reflect the fact that the co-operative movement were only concerned when policy impacted upon their business and trade interests – as in this instance there was a clear threat. However, this also reflected a wider change in the political culture of the co-operative

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<sup>586</sup> *Ibid*, President's Address, p. 255.

<sup>587</sup> *Ibid*, p. 347.

movement in which the Co-operative Union, through both its inclusion on the National Council of Labour in 1941 and its role in the 1946 Agreement with the Labour Party, became more actively and directly involved in political matters.

Garnett's *A Century of Co-operative Insurance* charts the sequence of negotiations between the Labour Party, Co-operative Union and the Co-operative Insurance Society over the proposed nationalisation of industrial assurance.<sup>588</sup> There are several things that can be extracted from these negotiations regarding the political relationship between the Co-operative Party, co-operative movement and the Labour Party. Firstly, it was not the National Joint Policy Committee as constituted by the 1946 Agreement which conducted the negotiations regarding industrial assurance. For example in May 1949 the Policy Committee of the Co-operative Union (a sub-committee of the newly created Central Executive which had taken over the functions of the National Co-operative Authority), along with members of the Co-operative Insurance Society met with representatives of the Labour Party government, including James Griffiths, Minister for National Insurance.<sup>589</sup> At this meeting the Labour Party outlined their reasons for this proposed nationalisation, stating that there were serious abuses in the conduct of the industrial assurance business which could only be rectified by nationalisation. In response, Mr Dinnage of the Co-operative Insurance Society stated that the abuses referred to by Griffiths were now outdated. R. Southern, Secretary of the Co-operative Union argued that if these proposals were put into effect then policyholders with the Co-operative Insurance Society would lose the benefits of the non-profit making basis of co-operative enterprise and co-operative societies would be unable to insure with the organisation they had purposely created.<sup>590</sup> Secondly, this demonstrates that the opposition of the movement was based on three strands; a

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<sup>588</sup> Garnett, *A Century*, pp. 232-263.

<sup>589</sup> Garnett, *A Century*, p. 251.

<sup>590</sup> *Ibid*, pp. 251-252.

critique of the rationale for nationalisation; the defence of their business interests; and concern for the policyholders' right to act co-operatively.

The negotiations between the Co-operative Union, Co-operative Insurance Society and Labour Party continued throughout 1949. The Co-operative Union made it clear that they could not politically support the nationalisation of insurance, unless it excluded the Co-operative Insurance Society. Yet this was not an option for the Labour Party, who were faced with various elements of opposition to this proposal, along with resistance to other aspects of their new programme notably resistance to Tate and Lyle regarding the proposed nationalisation of the sugar industry. However, in a major policy shift, the Labour Party then changed its plans to nationalise industrial assurance and instead advocated the mutualisation of the industry in its 1950 Election Manifesto.<sup>591</sup> This was a significant step for the Labour Party and arguably the first instance in which they positively advocated mutualisation rather than nationalisation or municipalisation as a form of ownership. Mutualisation was interpreted here by the Labour Party as common ownership by the policy holders, which in their view equated to co-operative ownership, as outlined in this extract from a Labour Party internal document;

'The Labour Party therefore proposes that all the industrial assurance offices should in future be owned not by private shareholders but by the policy holders themselves. In other words, all the Offices should be converted into mutual offices owned co-operatively by the shareholders.'<sup>592</sup>

What is more striking here is the statement that 'the Labour Party is not wedded in any doctrinaire fashion to one particular type of ownership' and that 'in this case it is clear that ownership by policyholders is the most suitable form of common ownership to adopt'.<sup>593</sup> Considering that both historical and contemporary interpretations of the Labour Party economic policy in the late 1940s have emphasised the continued ideological commitment to state nationalisation, this statement at first appears to be

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<sup>591</sup> *Let us win through together*, Labour Party Manifesto 1951, (London, Labour Party).

<sup>592</sup> 'Industrial Assurance: Note for Discussion with Co-operative Representatives', Labour Party Research Department R.D.319/October 1949.

<sup>593</sup> 'Industrial Assurance as a Public Service: Proposal for Mutual Ownership by the policyholders', Labour Party Research Department/ R.D.316/October 1949.

somewhat of an anomaly until it is understood in the context of its relationship with the co-operative movement.

The proposed mutualisation raises several questions regarding the marginalisation of co-operative methods by the Labour Party in this period. Did it in fact suggest the opposite and did this embrace of mutualisation represent a diversion from the Labour Party's attachment to state nationalisation? Was this policy a direct result of negotiations with the Co-operative Union and Co-operative Insurance Society, suggesting that the influence of the movement was greater than has previously been suspected? There were, however, several other factors which need to be considered in order to address these questions. In addition to opposition from the co-operative movement, this proposal also had strong opposition from trade unions and other existing industrial assurance offices, for example the Prudential.<sup>594</sup> A letter from an unidentified member of the Labour Party's Research Department provides an insight into some other factors that contributed to this decision, including the potential for mutualisation to increase overseas earnings as Americans seemed to prefer mutual offices, and that that a proposal for ownership by the policyholders was more attractive to the electorate.<sup>595</sup> Thus, opposition from the co-operative movement was only one of many issues which led to this decision by the Labour Party.

Nevertheless, the impact of co-operative opposition on this issue must not be underplayed. In this letter the author states that 'I am venturing, even though it means using yet more paper on this wretched subject, to send you my purely personal views after the last and most extraordinary meeting with the Co-op on 9 November'.<sup>596</sup> This indicates that although co-operative opposition to this proposal was frustrating in terms of the time and energy used to resolve the issue, the Labour Party felt that it was important and of value to them to resolve these differences. However, it is arguable

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<sup>594</sup> Garnett, *A Century*, p. 257.

<sup>595</sup> Industrial Assurance/R.D.332/November 1949.

<sup>596</sup> Industrial Assurance – Unsigned Letter/ Labour Party Policy Committee/R.D.332/November 1949.

that this was in order to achieve unity within the wider labour movement on this proposal, and did not represent any significant embrace of co-operative ideology by the Labour Party. That ultimately, the mutualisation of industrial assurance was dropped from the 1951 Labour Party manifesto further supports this interpretation. Regardless, this decision gave the Co-operative Party hope for future policy collaboration, illustrated by a resolution passed at the 1950 Conference from the Royal Arsenal Co-operative Society which stated; 'that this Conference shows its appreciation of the outcome of discussion between the co-operative movement and the Labour Party on industrial assurance and places on record the view that this might be a method of securing co-operative expression in other industries to be brought under public ownership'.<sup>597</sup>

### **Finding its Political Voice? The Development of Co-operative Party Policy, 1945-1951.**

What will be examined here is whether this environment of policy development provided a space for emergent tensions to take root over differences in the interpretation of common ownership as a means to achieving socialism. The proposed nationalisation of industrial assurance did force the Co-operative Union into negotiations with the Labour Party, in which they had to consider more seriously what the role of the co-operative movement would be in a socialist state. However, there are signs that, as early as 1946, a critique of the Labour Party's focus on nationalisation as a method of socialism was emerging within the Co-operative Party. Jack Bailey wrote in the Co-operative Party *Monthly Letter* in June 1946 that 'so little thought has been given in the British Labour Movement to socialist method that nationalisation is regarded by many as the one and only form of democratic ownership'.<sup>598</sup> He explained that when asked why the co-operative movement should be expected to be treated differently to private enterprise, the answer was because it was different.<sup>599</sup> He added that the key difference between nationalisation and co-operation as forms of social

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<sup>597</sup> *Co-operative Party Conference Report*, (1950) p. 51.

<sup>598</sup> *Co-operative Party Monthly Letter*, June 1946, p.5.

<sup>599</sup> *Ibid.*

ownership was that nationalisation was achieved by compulsion and co-operation by voluntarism.<sup>600</sup> Jack Bailey was appointed as Secretary of the Party after Sam Perry's retirement in 1943, yet Bailey appears to have taken over from Barnes, who retired from his role as Chairman in 1946, in providing a lead on policy and ideology for the Party. Bailey was immediately much more vocal than either Perry or Barnes had been in terms of advocating a distinct co-operative contribution to socialism. This change in personnel was equally a contributing factor to the change in tone of co-operative policy and a consequence of the changing political culture of the movement.

By the end of 1946, the Executive Committee of the Co-operative Party was beginning to reconsider its political programme. An article in the *Monthly Letter*, for example, stated how many changes had occurred since the publication of their most recent programme *The World We Want* in 1943; the war had ended and many of the reforms advocated in the policy (Social Security, a National Health Service, Nationalisation of Coal Mines, Bank of England, Electricity and Transport) had been implemented by the Labour Government. Thus the policy vacuum in which the Labour Party found itself applied also too the Co-operative Party. To increase the policy presence of the Co-operative Party it was decided that an annual statement on policy be prepared for Conference by the National Committee.<sup>601</sup> Although as previous chapters have indicated the authority of the Co-operative Party conference was limited in what it could achieve, its constitutional function was to provide an arena for policy discussion - which would then be referred to the Co-operative Union for approval. Yet this decision to include a policy statement annually marks a clear commitment from the National Committee of the Co-operative Party to the continued development of their political programme.

In 1948, the first such policy statement was presented to the Party Conference, covering both the international situation and domestic matters. The latter part of the

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<sup>600</sup> *Ibid.*

<sup>601</sup> *Co-operative Party Conference Report*, (1947) p. 70.



statement reflected on the achievements of the first two years of Labour's government and reaffirmed the support given by the Co-operative Party for these measures.<sup>602</sup>

However, it also raised some questions for the Labour Party regarding the future of its socialist policies. In moving the report, W. E. Wheeldon, a member of the Party's National Committee, stated that 'public ownership was not something which came in with the Labour Government but had been practiced by the co-operative movement for a hundred years' and therefore in building a new Britain the co-operative movement needed be a full and active partner with the Labour Party'.<sup>603</sup>

An examination of the 1948 Co-operative Congress report also reveals a growing interest in the policy of the Labour Party, with delegates arguing for the co-operative movement to clarify its relationship with the state in response to the recasting of the role of the state by the Labour Party. At this, A. J. Tapping raised a number of searching questions in his presidential address. They included questions such as 'where does the movement fit into new forms of planned economy?' and a declaration that 'although the government bears us some goodwill it also needs to recognise the positive qualities and possibilities of the Co-operative Movement'.<sup>604</sup> The following resolution was passed which echoed the president's address:

'That this Co-operative Congress places on record its gratification at the successes with which the present government has carried out policy for the public control of essential industries and services. It recognises however that further development of the policy of nationalisation must affect sections of the industry in which the Co-operative Movement is already established. It believes that in very large fields of enterprise the Co-operative Movement has established the best method by consumers' organisation of meeting the needs of the people and calls upon the whole Labour Movement to accord to that method a clear and increasingly important place in future schemes of economic and social advance. In order that all sections of the working-class movement may work in harmony to achieve the most efficient method of satisfying consumer need it instructs the National Co-operative Authority to prepare a full statement of the place which the Co-operative Movement should occupy in developing collectivist economy. This statement after prompt consideration, to be submitted to National Council of Labour for inclusion in the programme at the next General Election.'<sup>605</sup>

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<sup>602</sup> *Co-operative Party Conference Report*, (1949) p. 36.

<sup>603</sup> *Ibid.*

<sup>604</sup> *Co-operative Congress Report*, (1948) p. 265.

<sup>605</sup> *Ibid.*, p. 287.

In moving this, Mrs M. Millar of the London Co-operative Society, stated that the overall aim of this resolution was to work with the National Council of Labour to get a declaration that co-operative methods of control and organisation will be used and that it be 'openly and clearly declared that Co-operation is part of this trinity' - not just there in the background giving support.<sup>606</sup> This resolution focused on the National Co-operative Authority and the National Council of Labour as potential vehicles for policy consultation, although as has been indicated previously, the policy role of the National Council of Labour was not as significant as it had perhaps been in the 1930s.<sup>607</sup> There is no mention of the National Policy Committee created by the 1946 Agreement here, despite this policy avenue offering a more direct route to the Labour Party executive at this point. Nevertheless, what this resolution does illustrate is that even prior to the proposed nationalisation of industrial assurance the co-operative movement were becoming increasingly aware of the potential conflict between the Labour Party's commitment to nationalisation as a policy and the business interests of the co-operative movement.

At the 1949 Co-operative Party Conference, delegates unanimously passed a resolution urging the co-operative and labour movements to work together through the National Policy Committee to formulate an agreed policy on the place of the co-operative movement in a socialist economy.<sup>608</sup> Although this statement echoed the sentiment of the one above at Co-operative Congress the main contrast was the platform through which each proposed the Labour Party be consulted – with the Co-operative Party looking to the machinery created by the 1946 Agreement. This composite resolution stated how it believed a Socialist Britain 'could be achieved by a balanced use of the methods of Nationalisation, Municipalisation and Co-operation'. In many ways this emphasis on state, municipal and co-operative methods all having a

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<sup>606</sup> *Co-operative Congress Report*, (1948) p. 287.

<sup>607</sup> Brookshire, 'The National Council of Labour', p. 67 & McKenzie, *British Political Parties*, p. 528.

<sup>608</sup> *Co-operative Party Conference Report*, (1949) p. 59.

distinct role to play in the restructuring of society continued to echo the policy expressed by the Co-operative Party in the early 1930s, though as to which industries and services each form would be applied was never fully explored or developed beyond *Britain Reborn*. Also at the 1949 Co-operative Party Conference, a policy report was submitted by the National Committee on distribution. This, noted one delegate, provided a basis for a 'timely discussion' regarding the future of the movement, particularly in the light of the Labour Party's publication of its new policy statement earlier in the year.<sup>609</sup> The report outlined the concern felt by the Co-operative Party regarding over centralisation and loss of consumer influence and again argued that there must be adequate scope for voluntary movements such as the co-operative movement.<sup>610</sup> Distribution was one of the new areas in which the Labour Party were seeking to develop policy and potentially extend nationalisation.

The Co-operative Party leadership, however, remained aware of the constraints under which it operated in these discussions. At this conference, W. Bargh of the National Committee referred to the policy statement on distribution as a courageous attempt to persuade the co-operative movement of the country to make up its mind on policy suggesting that; 'one of the great problems we have ... is the difficulty of getting this vast movement to crystallise its position and define its policy'.<sup>611</sup> This point was reiterated at a later point in the debate when it was stated that even the leadership of the movement were unable to agree, referring to differing points of view between C. W. Fulker of the Parliamentary Committee and Jack Bailey of the Co-operative Party on the issue of milk distribution.<sup>612</sup>

In February 1950 the political circumstances changed; in the first General Election held since 1945 the Labour Party lost significant electoral ground with their majority of 146

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<sup>609</sup> *Co-operative Party Conference Report*, (1949) p. 58. Mr W T Williams, a member of the Co-operative Parliamentary Group, reflected that although the National Executive did not always understand the point of view of delegates, on this occasion it appeared to have recognised the timely need for the discussion on distribution.

<sup>610</sup> *Co-operative Party Conference Report*, (1949) p. 53.

<sup>611</sup> *Co-operative Party Conference Report*, (1949) p. 54.

<sup>612</sup> Mr Black *Co-operative Party Conference Report*, (1949) p. 61.

reduced to five.<sup>613</sup> The 1950 Co-operative Party Conference, which took place shortly after this election, highlighted some of the likely consequences of this reduced majority. One speaker suggested that 'the present Government cannot expand Socialism as they would have done with a working majority, but we can expand social ownership as far as the Co-operative Movement is concerned by expanding our trading activities where possible'.<sup>614</sup> One result of this uncertainty is that it appears to have provided greater scope for the co-operative movement to contribute to the policy of the Labour Party by advocating the benefits of voluntary association.

Two significant policy statements were published within the co-operative movement in 1950 advocating the expansion of co-operative ideas in a socialist society: the Co-operative Party's *Building the New Britain* and the Co-operative Union's *The Co-operative Movement in a Collectivist Economy*.<sup>615</sup> These represented a culmination of the development of the growing awareness in the Co-operative Party and wider movement as to the potential for using co-operative methods to extend state socialism, compounded by the proposals put forward by the Labour Party regarding industrial assurance and distribution. In *Building a New Britain* the message was clear, the Party wanted recognition of co-operation as a valid form of social ownership and acceptance that their method is not one that should be replaced by nationalisation. It stated that 'co-operators ask not for the establishment of a new principle, but for the application of one already recognised in other spheres'.<sup>616</sup> Furthermore this statement recognised the potentiality of co-operation and argued that the Party should not limit its concerns to 'the institutions and organisations which at present express co-operative principles and methods' and instead go beyond self-protection and flourish.<sup>617</sup> It proposed that 'it is peculiarly the task of the Co-operative Party to insist that the Co-operative Movement shall be used to its utmost as one of the instruments by which the people of Britain are

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<sup>613</sup> The number of Co-operative Labour MPs was also reduced from 23 to 19.

<sup>614</sup> *Co-operative Party Conference Report*, (1950) Mr Foxon from London Society speaking.

<sup>615</sup> See *Co-operative Party Conference Report* (1950) and *Co-operative Congress Report* (1950) for full versions.

<sup>616</sup> Co-operative Party, *Building the New Britain*, (1950) p. 9.

<sup>617</sup> Co-operative Party, *Building the New Britain*, (1950) p. 9.

trained to ever greater responsibility in the use of economic and social power'.<sup>618</sup> The statement did however emphasise a commitment to the nationalisation of appropriate industries, demonstrating the Co-operative Party's continued support for the Labour Party through a commitment to the 1945 programme.<sup>619</sup> *Building a New Britain* was a statement of political policy with the intention of forming the basis of a political programme, and in this respect was not necessarily a critique of Labour Party policy as ultimately the Co-operative Party still needed to work within their electoral machinery.

In contrast, the Co-operative Union's statement, *The Co-operative Movement in a Collectivist Economy*, embodied both an extension to the resolution detailed above from the 1948 Congress and a response to the Labour Party's future policy plans. It reflected that 'whilst the draft programme of the Labour Party for the return of a Labour Government has many excellent features there are also many disappointing aspects ... It is impossible to find any relation between meat wholesaling, sugar, industrial assurance or cement ... The piecemeal character of these proposals seems to indicate that so much preoccupation has been necessitated by current problems as to have left little opportunity for the very careful thinking required to work out an orderly and unsatisfactory programme of socialist advance'.<sup>620</sup> It suggested that despite clause four of the Labour Party's constitution calling for 'common ownership' not 'nationalisation', that for many years the Labour Party appears to have thought only in terms of nationalisation and municipalisation as the solution of economic problems and social injustice' which was both curious and regrettable in terms of the potential co-operative contribution.<sup>621</sup>

The importance of the voluntary principle was reaffirmed in this report and it was stressed that the movement strongly believed that 'a democratic society will not apply the principle of compulsion to any part of the economic field, where the voluntary

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<sup>618</sup> Co-operative Party, *Building the New Britain*, p. 18.

<sup>619</sup> *Ibid*, p. 8.

<sup>620</sup> *Co-operative Congress Report*, (1950) p. 97. (Report of the Central Board).

<sup>621</sup> *Ibid*, (1950) pp. 98-99. (Report of the Central Board).

principle already succeeds'.<sup>622</sup> In order to meet the 'vital rights and interests of consumers and consumer organisations' the report outlined that the co-operative movement would ask the Labour Party to declare that the co-operative system is one based upon common ownership within the Party's constitution and to agree that before detailed decisions be made on a range of consumer focused industries, now and in the future, that the movement be consulted.<sup>623</sup> Moreover, the report highlighted that as future governments may be of a different political complexion, existing forms of social ownership which are not dependant on state legislation should be given plenty of scope to develop, which, perhaps given the disappointing results of the 1950 election, was a more pertinent concern to co-operators than it had been previously.<sup>624</sup>

In essence, the report was an appeal to the Labour Party not to ignore the strength and potential of the co-operative movement in building a socialist society and represented an ideological critique of the Labour Party from within the co-operative movement. Consequently the report faced criticism from within the movement for focusing too much on the negatives and not actually defining much in terms of future policy, whereas the Co-operative Party had begun to think more clearly in terms of what its policy was on issues such as distribution and more generally regarding the wider application of co-operative principles in a socialist society, as evidenced in *Building a New Britain*. As a department of the Co-operative Union, the policy of the Co-operative Party needed to reflect the political mood of the movement yet their policy statements needed to be less critical due to the need to maintain the electoral alliance with the Labour Party.

At the 1951 Co-operative Party Conference, a resolution was unanimously passed which called for the National Committee to consider the relationship of the co-operative movement to nationalisation and public ownership more generally and submit a

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<sup>622</sup> *Ibid*, p. 104.

<sup>623</sup> *Ibid*, pp. 104-105.

<sup>624</sup> *Ibid*, p. 105.

statement on the means of applying co-operative methods and principles where appropriate by the following year.<sup>625</sup> Moving this, Mr H. James of the Liverpool Party, emphasised that it was the job of the co-operative movement and not the Labour Party to put forward co-operative alternatives, stating that being opposed to nationalisation was not enough. Musing over why the co-operative movement had yet to make up its mind on this matter, he suggested that this was in part due to vested interests within the co-operative movement and also because of the consumer versus producer identity issue.<sup>626</sup> James added that 'it is only fair that we should congratulate the Co-operative Movement upon having succeeded in persuading the Labour Party that the Co-operative Movement is a form of public ownership and should be extended. But ... where do we go from here?'<sup>627</sup>

The resulting document, *The People's Industry – A statement on social ownership, by the National Committee of the Co-operative Party*, was presented to the following year's Party Conference in full, and unanimously accepted by delegates.<sup>628</sup> An additional resolution from Mr H. James was also put forward, congratulating the National Committee on this and urging all sections of Party to encourage the Labour Party to adopt the proposals outlined in this statement.<sup>629</sup> Ballard, in proposing the adoption of the statement, outlined to delegates how 'Labour's first programme, and its much less revolutionary second programme, have demonstrated the need to give careful thought to our future programme'.<sup>630</sup> This policy statement considered two broad questions which it noted were occupying the labour movement more generally, firstly the structure of existing nationalised industries and secondly the future development of socialism.<sup>631</sup> The introduction of the statement was an appreciation of the revolutionary work of the Labour Government, affirming that the Co-operative Party,

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<sup>625</sup> *Co-operative Party Conference Report*, (1951) p. 76.

<sup>626</sup> *Ibid.*

<sup>627</sup> *Ibid.*

<sup>628</sup> *Co-operative Party Conference Report*, (1952) p. 74.

<sup>629</sup> *Ibid.*, p. 74.

<sup>630</sup> *Ibid.*, p. 61.

<sup>631</sup> Co-operative Party, *The People's Industry – A statement on social ownership, by the National Committee of the Co-operative Party*, (Co-operative Party, 1952) p. 7.

like the Labour Party, remained committed to nationalisation through the recognition of the achievements of the 1945 Government.<sup>632</sup> Following the introduction, the first part of the statement concerned the structure of existing nationalised industries, and Ballard outlined that they believed that nationalisation had given too much power to central agencies and too little to workers and consumers.<sup>633</sup> The second part of this statement, subtitled 'Diversity in Social Ownership', presented four methods of social ownership; state nationalisation, municipal control, consumer control and producer control.<sup>634</sup> It assessed the benefits and suitability of all these methods, contending that although nationalisation may suit certain industries, there also needs to be scope in a socialised society for co-operative and municipal methods – hence its key message being diversity.<sup>635</sup> This statement provided the most coherent policy document from the Co-operative Party at this point, and demonstrated a significant advance from 1945 when their own political programme contained scant reference to how co-operative methods and principles would be utilised. In this respect Ballard stated; 'This is our contribution. The Labour Party is a federation, having within it trade unions, socialist theorists and ourselves. We come forward with essentially a business experience behind us.' He added that the Federation of British Industries, National Farmers' Union, British Medical Association and TUC had all left their impress on present legislation and that 'we want the next programme to bear the marks of a great co-operative contribution'.<sup>636</sup> However, this policy was still limited in the impact it could hope to have on the Labour Party, as it did not provide a clear blueprint to inform Labour Party policy and remained more of a propaganda piece of policy promoting co-operative methods more generally.

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<sup>632</sup> Thompson, *Political Economy*, p. 168, Ellis, 'Letting it Slip', p. 51.

<sup>633</sup> *Co-operative Party Conference Report*, (1952) p. 61.

<sup>634</sup> Co-operative Party, *The People's Industry*, p. 17.

<sup>635</sup> *Ibid*, pp. 17-26.

<sup>636</sup> *Co-operative Party Conference Report*, (1952) p. 63.



Did then this development of a Co-operative Party policy which embodied co-operative methods reflect a purely defensive action as Francis suggested?<sup>637</sup> Or was it symptomatic of a broader political shift within the Co-operative Party and the wider co-operative movement. To an extent, it is argued here that the development of co-operative policy during the period 1945 to 1950 can be interpreted as an ideologically motivated critique of the Labour Party's overwhelming focus on nationalisation of industries and services as a route to socialism. This critique was based upon the movement's own experience in voluntary co-operation. Moreover these policy responses indicate that there was a realisation within the Co-operative Party and the wider movement as to the potential contribution co-operative methods of ownership and control could make within a socialist society. In 1945, socialism was still viewed as being very much of the future, however the election of a Labour Government and the accomplishment of their political programme made socialism a reality and paved the way for further socialist expansion. As Barnes indicated in 1925 'If we analyse the nationalisation movement, the municipalisation movement and the co-operative movement, we see that for a considerable period there is plenty of room for growth for each other without coming into conflict with another to any serious extent'.<sup>638</sup> However, by 1947 these movements had grown, in particular the nationalisation movement, and the co-operative movement was conscious it may not have room to continue to expand with this increasing emphasis on nationalisation. Consequently, faced with the reality of Labour Party's pro-statist interpretation of a socialist society the entire co-operative movement, not just the Co-operative Party, was compelled to consider the contribution of co-operative methods in the achievement of socialism.

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<sup>637</sup> Francis, *Ideas and Policies*, pp. 86-87.

<sup>638</sup> Alfred Barnes, *Co-operative Aims in Politics: an address delivered in Manchester to the Pioneer Group on 29 January 1925*, (Co-operative Union, 1925) p. 8.

## **Organisational and Ideological Implications Raised by the Industrial Assurance Discussions.**

One crucial question raised by the industrial assurance matter is why co-operative opposition to this proposal did not come to the fore until 1949, when the Labour Party had actually first proposed the nationalisation of industrial assurance in 1928.<sup>639</sup> Firstly, as chapters two and three indicated, both the Co-operative Party and the co-operative movement were not represented in the Labour Party policy making machine and did not contribute directly to policy discussions. Secondly, there was a degree of indifference from the co-operative movement to policy development beyond their immediate business concerns, which limited the development of a coherent Co-operative Party policy. Therefore, although in 1934 the Labour Party passed a resolution again calling for the nationalisation of industrial assurance for the reasons outlined, this neither came under the radar of the co-operative movement, nor was the implication imminent enough for them to take action.<sup>640</sup> Thus if the industrial assurance incident represented the marginalisation of co-operative ideas by the Labour Party in the post war period, this reflected the wider political culture and structure of their relationship which consequently marginalised co-operative ideas within the Labour Party policy machine.

Industrial assurance brought to the fore a key tension in the respective ideologies of the Labour Party and Co-operative Party which had previously been underplayed – state compulsion versus voluntary co-operation. This was not, however, a new distinction, as early as 1920 it was noted by T. W. Mercer in a pamphlet outlining the arguments for and against a political alliance with the Labour Party. He stated that the co-operative movement emphasised voluntary efforts as a method for achieving the co-operative commonwealth, whilst the Labour Party advocated that this could be

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<sup>639</sup> R. G. Garnett, *A Century of Co-operative Insurance*, (London, Allen and Unwin, 1968) p. 234.

<sup>640</sup> *Labour Party Conference Report*, (1934) p. 179.

achieved through an act of Parliament.<sup>641</sup> A growing intellectual interest in the co-operative movement and its relation to the Labour Party in the late 1940s is reflected by the publication of a selection of essays in 1948, in which Jack Bailey's essay makes a strong case for the defence of the voluntary principle and provides an insight into movement thinking on the issue.<sup>642</sup> Bailey outlines how some socialists argue that the continued existence of voluntary co-operation is unimportant and that they must adapt to socialism, particularly because 'the Co-operative Movement should be well content if it obtained from the State monopoly powers in the distribution of certain commodities'.<sup>643</sup> However, according to Bailey, these arguments ignored the voluntary character of the British co-operative movement 'which neither coerces, nor wishes to be coerced' and that socialists should 'jealously' preserve voluntary co-operation if they want to enlarge and increase freedoms.<sup>644</sup>

Similarly, an article in the *New Statesman* in 1949 suggested that there was no future for the co-operative movement unless they abandoned voluntary co-operation and began to act as an agent for the state.<sup>645</sup> In response to this article, Jack Bailey stated that this was clearly a dilemma of the author's own creation as many fields of the economy should provide scope for various agencies - co-operative, state and private.<sup>646</sup> This was discussed by G. D. H. Cole in his pamphlet *A Guide to the Elements of Socialism* published by the Labour Party in 1947.<sup>647</sup> Cole suggested that one way to overcome the problems between state ownership and co-operation, for instance in the case of milk, would be to give co-operative societies, as agents of a state board, a monopoly of the retailing of milk.

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<sup>641</sup> T. W. Mercer, *The Co-operative Movement in Politics: A statement of the case for and against the Proposed Labour and Co-operative Political Alliance, prepared at the request of the United Board of the Co-operative Union*, (Manchester, Co-operative Union, 1920) p. 14.

<sup>642</sup> Jack Bailey, 'The Consumer in Politics', in N. Barou (ed.) *The Co-operative Movement in Labour Britain*, (London, Victor Gollanz, 1948).

<sup>643</sup> Bailey, 'The Consumer in Politics', p. 105.

<sup>644</sup> Bailey, 'The Consumer in Politics', p. 110.

<sup>645</sup> Cited in *Monthly Letter*, (May, 1950) pp. 15-16. Author not stated.

<sup>646</sup> *Monthly Letter*, (May, 1950) pp. 15-16.

<sup>647</sup> G. D. H. Cole, *A Guide to the Elements of Socialism*, (Labour Party, 1947) p. 18

However, the co-operative movement were opposed to the idea that state imposed co-operation would enable the movement to find a place within a socialist society. Bonner indicates how co-operative theorists had long indicated that the co-operative movement should not operate as an instrument of the state as this would be against the movement's ideas of freedom of association.<sup>648</sup> Thus, even if the state granted full control for the co-operative movement for the distribution of a commodity, such as milk, this would not be welcomed by the movement as it would be at odds with the principle of voluntary association. The continuing and deep rooted importance and significance of the voluntary principle to the movement can be elicited from the proceedings of the 1937 Conference of the International Co-operative Alliance (ICA), held in Paris. In a discussion surrounding the current application of the Rochdale Principles it was stated that 'the idea of obligatory membership of a Co-operative Society never entered into conception of the Rochdale Pioneers, neither in planning their society, or subsequent development'.<sup>649</sup> Voluntaryism, although not one of the seven Rochdale principles, did however remain central to the International Co-operative Alliance's conception of co-operation. At this conference it was recognised that the state could impinge upon the voluntary character of co-operation if it imposed restrictions or compulsions, but as voluntary association would not be inhibited within free association the Committee of the International Co-operative Alliance felt that they only had to stress the need for complete recognition of this principle.<sup>650</sup> A decade later voluntaryism remained an implicit ideological principle of co-operation and a key source of tension with the Labour Party.

Despite this awakening within the co-operative movement that co-operators needed to be more pro-active in promoting co-operative methods of ownership and control, the scope for the co-operative movement to contribute to policy development within the

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<sup>648</sup> Bonner, *British Co-operation*, p. 284.

<sup>649</sup> International Co-operative Alliance, Report of the Proceedings of the Fifteenth Congress of the International Co-operative Alliance at Paris, 6-9 September, 1937, (London, Co-operative Printing Society, 1937) p. 163.

<sup>650</sup> *Ibid*, p. 163.

Labour Party remained limited. The main weakness was that there was minimal co-operative representation on the National Executive Committee of the Labour Party and at Labour Party Conferences, both of which held important policy making functions. Joseph Reeves, Labour MP for Greenwich from 1945, and member of the Royal Arsenal Co-operative Society Political Purposes Committee was the only co-operative representative on the National Executive Committee of the Labour Party, a seat he held from 1945 to 1963. Writing for the research department of the Labour Party in 1950 on the co-operative movement, Reeves states that;

'As a member of the National Executive Committee of the Labour Party I take my fair share of responsibility for the proposals contained in *Labour Believes in Britain*. But I must point out that on a very large executive, I was the only person representing directly the interests of co-operators.'<sup>651</sup>

Reeves added to this that in his view there will be no adequate solution of the problem of the relationship until the co-operative movement is related to the Labour Party in the same intimate manner as the trade unions, as 'then and only then will the Co-operative Movement have the same right to share in the actual shaping of Labour Party policy'.<sup>652</sup>

Reeves was not alone in this view, as evident by the 1945 resolution to Co-operative Party Conference from both the Royal Arsenal Co-operative Society and Manchester and Salford Society to affiliate directly to the Labour Party.

Like the 1930s, lone co-operative voices were occasionally heard during Labour Party Conferences during this period. For instance Percy Daines, a Co-operative Labour MP for East Ham North, argued the co-operative case in the Labour Party Conference discussions on *Labour Believes in Britain*. Daines contended that a detached observer listening to the debates of the previous day would have drawn the conclusion that there were only two ways in which they could proceed, either state socialism or private enterprise. Yet he proposed that there is a 'third way that must command the attention

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<sup>651</sup> The Co-operative Movement and the Advance to Socialism by Joseph Reeves MP/Labour Party/R.D.351/April 1950.

<sup>652</sup> The Co-operative Movement and the Advance to Socialism by Joseph Reeves MP/Labour Party/R.D.351/April 1950.

of all socialists' and that was the co-operative movement.<sup>653</sup> However, Daines received no backing on this statement and the debate continued without any consideration of this third way. By retaining their independence, the Co-operative Party remained periphery of the Labour Party and therefore so did the ideology it embodied.

### **The Changing Policy Relationship between the Labour Party and the Co-operative Union**

By 1950 a slight change in the attitude of the Labour Party to the co-operative movement is evident. This section will consider that by 1950 the Labour Party did not, and could not, afford to alienate the co-operative movement. Contrary to previous assessments, it will be suggested here that the Labour Party did begin to take the policy concerns of the co-operative movement seriously and consult them on aspects of policy. As has been discussed earlier in this chapter, the decision to propose mutualisation not nationalisation of industrial assurance in part reflected the need to reach agreement with the co-operative movement. At the 1950 Co-operative Party Conference, William Coldrick in his Chairman's address reflected that 'it has now become apparent that the Co-operative Movement has become too important to be ignored, even by our political opponents'.<sup>654</sup> In addition, the policy tensions between the Labour Party and the Co-operative Party during the General Election campaign of 1950 had not escaped the attention of the Conservative Party who had published a series of three pamphlets seeking to 'woo' co-operators using propaganda such as 'sooner or later they [the Labour Party] mean to nationalise your co-op'.<sup>655</sup> The Co-operative Party and Co-operative Union continued to advocate for complete unity with the Labour Party and were keen to remind co-operators of the previous hostility shown by the Conservatives, but nevertheless this contributed to broader anti-nationalisation rhetoric

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<sup>653</sup> *Labour Party Conference Report*, (1949) p. 80.

<sup>654</sup> *Co-operative Party Conference Report*, (1950) p. 8.

<sup>655</sup> A. E. Oram, *Woolton Woos*, (Co-operative Party, 1949). The Conservative Party published 3 Conservative 'Co-op' leaflets in 1949. This pamphlet outlined why the Conservative Party was still hostile to the co-operative movement and always had been antagonistic to the movement.

and could have influenced co-operators who were concerned about ceding consumer rights to state control and lost the Labour Party votes.

The increased level of collaboration between the Labour Party and the Co-operative Party is evident from the co-operative movement's attendance at the Dorking Conference in May 1950. This was a policy conference held by the Labour Party at Dorking to discuss future policy. The importance of this to the co-operative movement is highlighted in this quote from the *Co-operative Review*;

'The passing by Congress, with virtual unanimity, of the special report on the place of the Co-operative Movement in a collectivist economy, together with an initiation of policy talks at Dorking by the Labour, Trades Union and Co-operative Movements may mark a new epoch in co-operative participation in the political life of this country.'<sup>656</sup>

More significantly, it was not only voices from within the co-operative movement who were of this opinion. An article from the *New Statesman and Nation* which was reprinted in the *Co-operative Review* stated that 'seen in perspective, the Dorking Conference will be remembered as the first occasion on which the Labour Party formally recognised the right of the Co-operative Union to share in the formulation of Socialist Policy'.<sup>657</sup> The *New Statesman* article contended that the Labour Party losing electoral ground in the General Election of 1950 had changed the atmosphere and had begun to realise the effective limits of nationalisation and recognise that the consumer is just as important as the producer in society and consequently co-operative ideas and methods may have a role to play.<sup>658</sup>

An examination of the Research Department records of the Labour Party from 1945 revealed an internal document examining the *The Co-operative Movement in a Collectivist Economy*, which raised questions for the Labour Party regarding its relationship with the co-operative movement.<sup>659</sup> This document stated that;

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<sup>656</sup> *Co-operative Review*, (June 1950).

<sup>657</sup> *Ibid.*

<sup>658</sup> *Ibid.*

<sup>659</sup> The Co-operative Movement in a Collectivist Economy – A review of the contents of the Statement of policy bearing the above title, issued by the Co-operative Union Ltd with some comments and criticisms as a guide for its discussion by the Labour Party. LHASC/LPA/RD.

'The problem that faces the Labour Party at the moment is a difficult one. It must decide in principle whether to conduct the consultations with the co-operative movement a) on the short term basis of the nationalisation projects put forward by the in the last manifesto, together with a few other relative questions such as milk and coal distribution; or b) on a longer-term basis, involving serious discussion of the place of the movement in a socialist society.'<sup>660</sup>

This document suggested that the Party perhaps had an obligation to come to a clear conception of what they wanted from the co-operative movement in the future and outlined a number of questions for consideration. Furthermore it stated 'there is the very real problem of the voluntary principle of co-operation to be faced and resolved' indicating that the movement's attachment to this principle was difficult for the Labour Party to fully embrace. Nevertheless, the overall tone of this document suggests that the Labour Party were willing to consult more closely with the co-operative movement on both long and short term questions regarding the nature of their relationship.<sup>661</sup>

However, by 1951, the Labour Party was struggling to define its policy, particularly in terms of nationalisation and social ownership, to such an extent that these last minute attempts to involve co-operative ideas in their policy programme were perhaps futile. The electoral disappointment of 1950 and subsequent defeat in 1951 divided the Party and arguably diminished any potential support and backing for the inclusion of co-operative ideas, despite the promising events of 1950. As Rhodes indicated in his study of the Labour-Co-operative relationship, the Labour Party defeat in the 1951 election meant there was no immediate need for the Labour Party to discuss in detail the proposed legislation affecting the co-operative movement; to this he concluded 'with the end of the Labour Government a distinct phase in Co-operative-Labour' relations had terminated.<sup>662</sup>

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<sup>660</sup> The Co-operative Movement in a Collectivist Economy – A review of the contents of the Statement of policy bearing the above title, issued by the Co-operative Union Ltd with some comments and criticisms as a guide for its discussion by the Labour Party. LHASC/LPA/RD.

<sup>661</sup> The Co-operative Movement in a Collectivist Economy – A review of the contents of the Statement of policy bearing the above title, issued by the Co-operative Union Ltd with some comments and criticisms as a guide for its discussion by the Labour Party. LPA/RD.

<sup>662</sup> Rhodes, *Co-operative-Labour*, p. 91.



Meanwhile the Co-operative Party continued to independently develop their policies on social ownership, as evident in *The People's Industry*, continuing to emphasise the important contribution voluntary co-operative methods could play in a socialist society. Nevertheless, the limitations in which the Co-operative Party operated continued to dominate, epitomised by the Co-operative Union's response to the much heralded policy statement, *The People's Industry*. Despite the positive reception of this statement at the 1952 Co-operative Party Conference it was not raised for discussion at Co-operative Congress in 1952, the reason given being that there was too little time for the Co-operative Union to properly review this statement following the Co-operative Party Conference and prior to Congress. As an article from R. Southern, General Secretary of the Co-operative Union outlined, this decision led to criticism from many within the movement.<sup>663</sup> This incident serves to highlight the lack of authority the Co-operative Party had in making progressive statements regarding the role of the co-operative movement. The Co-operative Party were stifled by the bureaucracy of the Co-operative Union and this ultimately signified why the policies of the Co-operative Party would not be embodied by the Labour Party, as it was the Co-operative Union and not the Co-operative Party who had a policy relationship with the Labour Party.

## Conclusions

Whilst the marginality of co-operative methods within the state focused policies of the Labour Party from 1945 to 1951 has not been questioned, what this chapter has done is provide a new interpretation of the policy relationship between the Labour Party and the Co-operative Party in this period. This interpretation positions the Co-operative Party on the periphery of the Labour Party, yet illustrates that the co-operative movement more generally adopted a greater political role than previously. In the main, this increased politicisation was in the main a business focused response to Labour Party policies which would significantly affect the co-operative movement. However, this also reflected both a deep concern for the protection of the principle of voluntary

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<sup>663</sup> *Co-operative Review*, October, 1952.

association and the potentiality that this principle could offer to a nascent socialist society.

A discussion article in 1950 published in the *Monthly Letter* raised some interesting points with regard to the changing attitude of the Co-operative Party and movement in general, regarding discussions of policy with the Labour Party. It recalls that in the past the aim of discussions with the Labour Party was not to disturb any co-operative institution, and thus the co-operative side was always on the defensive - 'acting not as a vehicle for social change but almost as if we had become an agent of the status quo'.<sup>664</sup> However, the article concluded that if the Co-operative Party was to win the respect of its allies it must have something to say about economic problems and not just confine itself to the unconditional defence of an institution.<sup>665</sup> This change in perspective is arguably illustrated by the policy discussions and reports both at Party Conference and Co-operative Congress in the period 1948 to 1951, in which there is a clear attempt to define the role of the co-operative movement in a socialist society.

However, despite a political awakening within the co-operative movement it has been illustrated throughout this thesis and calcified in this chapter that one reason which contributed to the marginalisation of co-operative methods by the Labour Party was the unique structure of the political relationship. By refusing to affiliate nationally to the Labour Party, the Co-operative Party, and therefore the co-operative movement remained on the periphery of the national policy making organisation of the Labour Party. However, despite this continued constitutional weakness it can be argued that by 1950 the Labour Party were not as dismissive of co-operative ideas as has previously been suggested. This was epitomised first by the decision to propose the mutualisation of industrial assurance and secondly by the inclusion of the movement into the policy discussions at Dorking in 1950. The co-operative movement and Co-operative Party's emerging contributions to policy discussions reflects a greater divide within the broader

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<sup>664</sup> *Monthly Letter*, (May, 1950) p. 15.

<sup>665</sup> *Monthly Letter*, (May, 1950) p. 15.

labour movement as to the future purpose and direction of nationalisation. The concerns and criticisms of the co-operative movement could not be ignored as they were representative of a large portion of the consumers in Great Britain, many of whom were Labour Party supporters.

Crucially, what this chapter has demonstrated is that the co-operative movement's commitment to the principle of voluntary association was the key difference between the ideology of the Labour Party and the Co-operative Party. Moreover, this difference emerged in the period 1945 to 1951 to a greater extent than previously because of the Labour Party's indifference to this principle in the forming of policies which extended state control into areas which the co-operative movement had both trade interests and room for expansion. This indifference was arguably the main reason why the co-operative movement created and supported their own political organisation, through the Co-operative Party.

## CONCLUSION

Altogether this thesis has demonstrated the continued importance of studying the organisational structure of a political party in order to understand the political culture in which it operated. Like Thorpe, this research has illustrated a huge gap in historiography regarding political organisation, which Thorpe argues has in more recent years been viewed as old fashioned.<sup>666</sup> This thesis has analysed and detailed the significant constitutional limitations in which the Co-operative Party operated, due to its symbiotic relationship with the Co-operative Union and political alliance with the Labour Party. It argues that these limitations directly contributed to the marginalisation of co-operative ideas within the policy of the Labour Party. Furthermore, it has brought to the fore the anomalous nature of the political alliance between the Co-operative Party and the Labour Party, clarifying that whilst local affiliation between the parties was commonplace there was no national affiliation, a fact which has been repeatedly misunderstood or overlooked by historians of the Labour Party.

Initially, the focus of this thesis was an examination and analysis of the ideological discord between the Co-operative Party and the Labour Party in the post war Labour Government, to develop an understanding of why co-operative ideas were marginalised. However, it soon became evident that the intersections between organisation and ideology were hugely significant to understanding this, emphasised particularly by the absence and misunderstanding of the Co-operative Party as a distinct political organisation in existing twentieth century political historiography.

To analyse why co-operative ideas of ownership did not achieve any prominence in Labour Party policy two key research questions were framed. Firstly, to what extent was this due to organisational and constitutional reasons and secondly, to what extent was the organisational structure of the political alliance with the Labour Party underpinned by ideological differences. By addressing these questions in the context of

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<sup>666</sup> Thorpe, *Parties at War*, p. 8.

the political alliance this thesis has shown that the organisational structure of this alliance was shaped largely by varying ideological approaches to common ownership, yet the nature of their organisational alliance meant that the Co-operative Party remained on the periphery of the Labour Party and was unable to make contributions to their policy. Consequently voluntary co-operation as a method of common ownership remained marginalised within the Labour Party and reaffirmed this sense of ideological discord.

In addition it is clear that the complexity of the relationship between the Co-operative Party and the co-operative movement shaped the nature of the relationship with the Labour Party, to a greater extent than has previously been acknowledged. The Co-operative Party, despite being the outward political manifestation of the co-operative movement, was constrained by its relationship with the Co-operative Union. The Co-operative Union remained the final authority on all decisions affecting the organisational and policy development of the Co-operative Party. The Co-operative Party Annual Conference, an arena where politically conscious co-operators met to discuss political matters affecting the co-operative movement and beyond, had no binding authority. There was a constant sense of frustration amongst delegates that this undermined the role and function of the Party throughout the period in question. These continued limitations in which the Co-operative Party operated led to ever increasing frustration from within the Party that their policy discussions were, as one conference delegate stated, tantamount to 'playing sandcastles'.<sup>667</sup>

It is further clear that Co-operative Party Conference was not the arena where both the leadership of the Co-operative Union and the Labour Party wanted potential differences discussed at length. The layering of political activity in the Co-operative Union meant matters of policy with the Labour Party were dealt with by appropriate representatives from within the co-operative movement, particularly as these were often determined by

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<sup>667</sup> *Co-operative Party Conference Report*, (1950) p. 60.

the business needs of the movement. Thus, the National Co-operative Authority, later the Policy Committee of the Central Executive, took on a policy role for the co-operative movement and not the Co-operative Party. The logic behind this was that the National Co-operative Authority represented the entirety of the movement whilst the Co-operative Party did not command support from all societies within the Co-operative Union. However, the National Co-operative Authority had authority to make decisions without Congress and therefore could influence the overall direction of the movement. The Co-operative Party was largely bypassed in policy discussions with the Labour Party, as their role was viewed as largely administrative and functional – to achieve political representation to protect and promote co-operation. The Co-operative Party was represented on the National Co-operative Authority and could contribute to ongoing policy discussions in this respect, yet as a political organisation it limited policy function or authority. For instance negotiations regarding Industrial Assurance were carried out between the Co-operative Union, the CIS and the Labour Party – not directly with the Co-operative Party. Nor did these discussions utilise the National Policy Committee, a much heralded aspect of the 1946 Agreement.

The nature of the alliance with the Labour Party also affected the policy development of the Co-operative Party. Firstly, it was crucial that the Labour Party and the Co-operative Party offer similar political programmes as ultimately candidates stood under the joint banner of Co-operative-Labour. Gaining representation in Parliament was a key function for the Co-operative Party and working in alliance with the Labour Party offered a route in which this could be achieved. In this respect, the Co-operative Party served the co-operative movement as a democratic way to facilitate the contested issue of co-operative involvement in Parliamentary politics. Thus debate over potentially divisive points of policy regarding methods of ownership was stifled at Co-operative Party conferences in an attempt by Co-operative Party leadership to maintain harmony with the Labour Party. The influence of Alf Barnes in these formative years of the Co-operative Party must not be understated – and the varying influences

of key Co-operative Party personnel including Barnes, Sam Perry, Albert Ballard and Jack Bailey is a potential area ripe for future research. Barnes was a staunch supporter of the Co-operative Party - and as Party Chairman he arguably had a vested interest in maintaining it as a separate organisation. Yet Barnes was also a trade union unionist and had an ILP background and in this respect he embodied the triumvirate of the labour movement.<sup>668</sup> His influence both on the policy and the organisation of the Co-operative Party, particularly during the 1930s is evident as the Co-operative Party, in line with the Labour Party argued for collective ownership of key industries and services in their *Britain Reborn* series. Yet the *Britain Reborn* series, whilst not offering distinctly co-operative voice in politics, also reflected a level of consensus which existed across the wider labour movement in Britain as to the first steps needed to replacing capitalism with common ownership.

The Co-operative Party is criticised for not having a distinct co-operative contribution in its policies during the 1930s, yet what this thesis has illustrated is that it had no time, scope or authority to do so.<sup>669</sup> Furthermore, the nature of the alliance with the Labour Party meant that the Co-operative Party had limited avenues open to influence the policy of the Labour Party. As the Co-operative Party existed as a separate organisation and did not affiliate to the Labour Party nationally they were not represented within the organisational structure of the Labour Party. Combined, these illustrate the why co-operative methods were marginalised within the Labour Party.

However, the most fundamental reason why co-operative methods of ownership never achieved any prominence in Labour Party was the inertia of the Co-operative Union in engaging with policy discussions beyond their immediate business remit. It was the Co-operative Union which had the policy relationship with the Labour Party, particularly from 1932. Crucially, this meant that it was the policy outlook of the Co-operative Union, and not political policies of the Co-operative Party that influenced the Labour

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<sup>668</sup> Bagwell, 'Barnes'.

<sup>669</sup> Carbery, *Consumers*, p. 37.

Party. However as this thesis has demonstrated the Co-operative Union took little interest in political policy beyond their immediate trade remit particularly during the 1930s when the Labour Party was undergoing a period of policy transformation and various sections of the Labour Party were engaged in policy debate. This is characterised by their decline of the invitation to join the National Council of Labour in 1935 – which had been negotiated by the Co-operative Party as a compromise for Co-operative candidates signing the standing orders of the Labour Party. As chapter three has shown this attitude was in part due to the hostile political environment in which the movement and party operated in the 1930s. Nevertheless, the implication was that the co-operative movement did not have a strong policy voice within the Labour Party in this period. Furthermore the Co-operative Party as a department of the Co-operative Union was affected by this inertia and thus its policies did not engage more widely with ideology of a 'co-operative commonwealth'. This layering of political activity within movement arguably diluted the potentiality of Co-operative Party – and more significantly the extent to which it could be expected to influence the policy of the more dominant Labour Party.

Returning to the political alliance between the Co-operative Party and the Labour Party, what became evident throughout this analysis was that the organisational differences between them were rarely discussed publicly in detail at a national level – and this again contributes to the invisibility of this relationship in Labour Party historiography. However, an examination of the Joint Committee minutes has revealed that this alliance was contested and did take time and effort from both sides to maintain. The fundamental issue which divided them organisationally was the issue of affiliation. The Co-operative Party did not fit neatly into the Labour Party's desire for a united political organisation – and continued to treat the co-operative movement as a section of its organisation. It did seek unity with the co-operative movement on issues, such as agriculture, when the two had varying approaches. In this sense the Labour Party viewed the co-operative movement as being under the umbrella of working class



organisations of which it saw itself as the political embodiment. The continued expansion of the Co-operative Party alongside the Labour Party frustrated the Labour Party.

However, as chapter four has illustrated, the apathy shown towards existing co-operative interests by the Labour Party and their lack of understanding of the value of voluntary co-operation is key to understanding why the co-operative movement retained this arms-length political relationship with the Labour Party. Whilst the co-operative movement can be criticised for not actively promoting co-operation as a way to restructure society, equally it did not want the co-operative movement to be subsumed by state socialism and reacted when it was threatened. As indicated there was a consensus in the period 1931 to 1945 between the Co-operative Party and the Labour Party with regard to the first steps to a co-operative or socialist commonwealth. Essentially, the interpretation of a co-operative commonwealth embraced co-operative as well as municipal and state ownership – as long as this was not to the detriment of co-operative methods. The initial nationalisation programme of the Labour Government did not directly affect co-operative business but was targeted at universal services and goods which affected all consumers and on this level was welcomed by the co-operative movement.

The greatest shift, therefore, in the political approach of the Co-operative Union was in 1949, when the Labour Party, in planning their programme for a second term, began to advocate the extension of state powers into areas which potentially undermined the efforts of voluntary co-operation as a form of ownership. The proposal to nationalise industrial assurance in *Labour's Immediate Programme* was a pivotal issue which demonstrated to the leadership of the Co-operative Union that they needed to be proactive in their approach to planning the future development of co-operative methods.

To a limited extent it can be argued that the co-operative movement enjoyed a small measure of success in influencing Labour Party policy, evident mainly in their

'embrace' of mutualisation instead of nationalisation of industrial assurance. Moreover, the inclusion of co-operative representatives at the Dorking Conference indicated that the Labour Party was beginning take the policy concerns of the co-operative movement more seriously. This was reflected in their subsequent policy statement *Labour and the New Society* which for the first time made more than a cursory reference to the co-operative movement and cited it as an alternative form of common ownership.<sup>670</sup>

This 'embrace' however was cut short by the 1951 election defeat of the Labour Party which made these policy discussions less relevant with the Labour Party out of power.

Nevertheless, the Co-operative Party, as a political organisation remained on the periphery of this increased collaboration. The Co-operative Party realising the policy void left by the implementation of the 1945 Labour Party programme had been considering in detail the role co-operative methods could play in a socialist society, through a series of policy statements culminating with adoption of their statement *The People's Industry – A statement on social ownership* at their Conference 1952. This document articulated the role that co-operative methods could make within a socialist society – yet the Co-operative Union, now arguably less concerned with these matters of policy issue now the Labour Party was no longer in Government, delayed discussion of this statement at Congress till the following year. This reaffirms the distinction in attitude between the Co-operative Party and the Co-operative Union to creating a distinct co-operative political policy.

To conclude, the marginalisation of co-operative ideas by the post war Labour Government reflected the inertia of the co-operative movement in advocating a 'Co-operative Commonwealth' as an alternative to state socialism from 1931 onwards. The Labour Party did not engage to any great extent with methods of co-operative ownership in their policies, but neither did the Co-operative Union. This was

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<sup>670</sup> Discussed in *Monthly Letter*, (October 1950) p. 8.

emphasised by the limited authority of the Co-operative Party, as the outward political expression of the movement.

In 1958 a new political agreement between the Labour Party and the Co-operative Party was reached, following a decision by the Labour Party to terminate the 1946 Agreement and seek a new basis for its relations.<sup>671</sup> The 1958 Agreement changed the dynamic of the alliance again, this time by imposing a cap on the number of seats which co-operative candidates could contest and stipulated that candidates be referred to as Labour-Co-operative.<sup>672</sup> The 1958 Agreement signalled a deliberate attempt to stymie the growth and influence of the Co-operative Party within their organisation. Most significantly what is also demonstrates is the continued contested relationship between the Labour Party and the Co-operative Party beyond 1946.

Why was this relationship so organisationally problematic? As this thesis has demonstrated the Co-operative Party did have an anomalous position within the Labour Party and this was a source of friction. An article in the *New Statesman* discussing the relationship between the Co-operative Party and the Labour Party in 1957 described the former as a 'historical accident that had outlived its usefulness'.<sup>673</sup> There was an element of frustration from the Labour Party leadership of what to do with the Co-operative Party, as their desire for an electoral alliance yet maintenance of a separate political organisation created an organisational oddity. However, what this thesis has argued is that the Co-operative Party, as a political department of the Co-operative Union, maintained a separate identity because of ideological differences. The distinction between a 'Co-operative Commonwealth' in which co-operative methods of voluntary association could take root and develop was at odds with the Labour Party vision for state nationalisation and control. Whilst it is argued that the Co-operative Party and the co-operative movement did not proactively always promote

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<sup>671</sup> Smith, *Constitutional Relations*, pp. 15- 20.

<sup>672</sup> *Ibid*, p. 22.

<sup>673</sup> Quote from *New Statesman*, (author unknown) cited in by Jack Bailey in *Monthly Letter* (May 1957).

co-operative forms of ownership, they did however fiercely defend the rights of voluntary co-operation when threatened. What this illustrates is that within the broader labour movement there was a deeper divide over the road to socialism between the Labour Party and the co-operative movement, reaffirming the plurality of organisational and ideological influences which contributed to the development of the Labour Party. Whilst this thesis does not deny that state socialism dominated the policy of the Labour Party during the period 1931 to 1951, it has illustrated that the co-operative movement embodied an alternative form of ownership that has been systematically marginalised both by the Labour Party and by historians of the Labour Party. Ultimately this was due to the organisational structure of their political relationship which left the movement on the periphery of Labour Party politics.

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